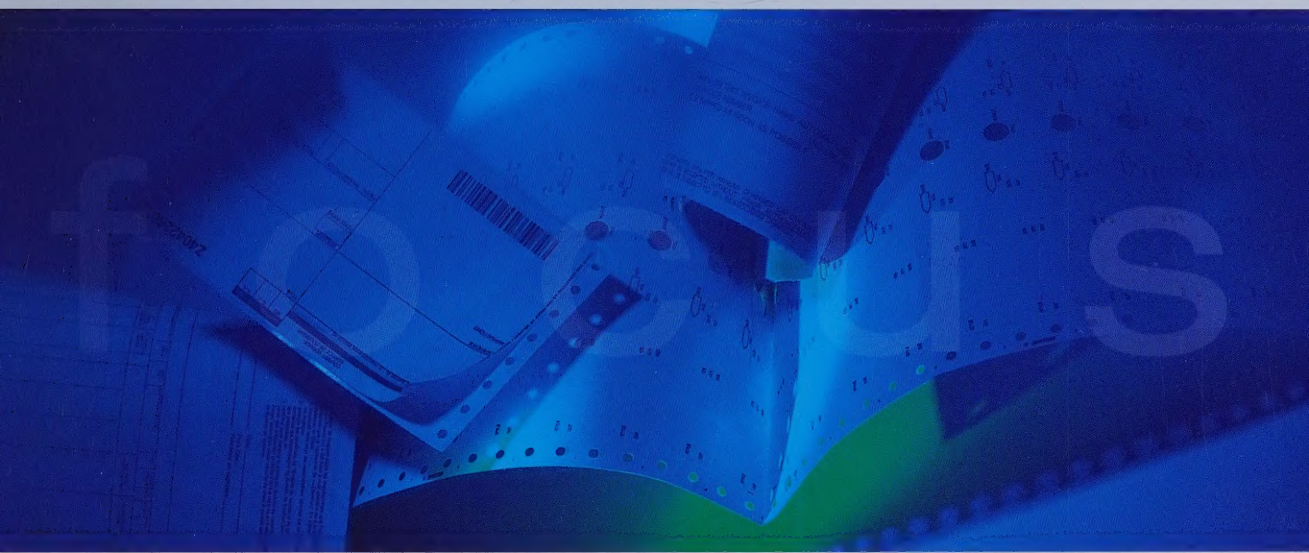


AR58

MOORE CORPORATION LIMITED 1997 Annual Report



MOORE®

FINANCIAL HIGHLIGHTS

Expressed in United States currency and, except per share amounts, in millions of dollars

	1997	1996	1995
CONSOLIDATED STATEMENT OF EARNINGS			
Sales	\$ 2,631	\$ 2,518	\$ 2,602
Income from operations	49	143	114
Per dollar of sales	1.9¢	5.7¢	4.4¢
Income taxes expense	49	49	124
Percentage of pre-tax earnings	47%	24%	32%
Net earnings	55	150	268
Per dollar of sales	2.1¢	6.0¢	10.3¢
CONSOLIDATED BALANCE SHEET			
Working capital	\$ 175	\$ 884	\$ 908
Ratio of current assets to current liabilities	1.2:1	2.8:1	2.7:1
Capital employed in business	1,534	1,776	1,718
Return on capital employed	3.3%	8.6%	16.1%
Shareholders' equity	1,186	1,550	1,488
Return on shareholders' equity	4.0%	9.9%	18.7%
Total assets	2,175	2,224	2,236
Expenditure for property, plant and equipment	136	120	87
PER COMMON SHARE			
Net earnings	\$ 0.59	\$ 1.50	\$ 2.68
Dividends declared	0.94	0.94	0.94
Shareholders' equity	13.40	15.49	14.90
Average shares outstanding (in thousands)	93,200	99,967	99,754

ANNUAL MEETING OF SHAREHOLDERS:

The Annual Meeting of Shareholders of Moore Corporation Limited will be held at The Design Exchange, 234 Bay Street, 2nd Floor—Trading Floor, Toronto, Canada on Thursday, the 23rd day of April, 1998 at 10:00 a.m. Toronto time.

Sales
(millions of dollars)



Income from Operations
(millions of dollars)



Net Earnings
(millions of dollars)



Return on Shareholders' Equity
(%)



Confronting the challenges of a difficult year.

Dear shareholder We have just completed a difficult year for Moore. We did not achieve our sales objectives and we fell below our income from operations expectations. This performance is not acceptable. It is with a profound sense of urgency that we have addressed ourselves and the entire Moore Corporation to the task of returning to appropriate levels of growth and profitability. In the third quarter we began a rigorous assessment of our products, processes, market position and competitive advantages. More than ever, we are committed to enhancing our customers' competitiveness by deploying our traditional strengths in business forms and adding to them innovative technologies and services. This combination of tradition, innovation and service is what made Moore great and we are rededicating ourselves to sustaining our position as a leader in the business communications arena—a position we have held for 115 years.

Left to right Thomas E. Kierans, Thomas J. McKiernan, Derek H. Burney



The challenges are clear. In November, the Board of Directors approved a three-pronged plan to improve performance: focus and re-energize the core business, accelerate the growth of our Customer Communication Services businesses and improve our cost position in all business units. Changes are being implemented and have already begun to yield results. We expect these processes to be accelerated under the guidance of a new Chief Executive Officer.

Moore retains many advantages. It remains one of the few companies able to serve the FORTUNE 1000. It has brand loyalty and it has employee loyalty. But Moore's Board and Management must unlock these hidden values and seek more imaginative solutions in the future. We are committed to this endeavour.

1997 RESULTS

Revenue of \$2.6 billion increased \$113 million over 1996. Excluding the impact of acquisitions and divestments in 1997 and 1996 and foreign currency fluctuations, revenue declined by 1%. Income from operations was \$49 million, a decrease of \$94 million from \$143 million in 1996. Before recognizing realignment costs, income from operations in Canada and the United States was down 34% due to lower selling prices in the Forms business, lower LIFO credits and reduced volumes of selected product segments. A loss from operations of \$14 million, before realignment costs, was incurred in the international businesses compared with a loss of \$3 million in 1996, largely due to lower sales volumes in Europe and Asia Pacific.

In 1997, Moore realized \$66 million from the sale of the Corporation's remaining 10% equity interest in Toppan Moore Company, Ltd. (in Japan) and recognized \$35 million in foreign currency translation gains on the repatriation of its share capital investment in a Netherlands subsidiary. This was partially offset by a \$52 million provision to divest unprofitable operations. In 1996, the Corporation recognized a pre-tax gain of \$27 million on the sale of its JetForm Corporation options.

Net earnings in 1997 were \$55 million or \$0.59 per share, compared with 1996 net earnings of \$150 million or \$1.50 per share. Cash from operations of \$198 million decreased \$92 million from 1996 primarily due to lower net earnings.

Moore repurchased 12 million of the Corporation's common shares at a cost of \$267 million. At the end of the year, the Corporation's cash and short-term securities, net of bank loans, totalled \$196 million, down from \$654 million at the end of 1996.

AUGMENTING GROWTH BUSINESSES

Moore acquired four companies in 1997 for \$309 million. We purchased United Ad Label Co., Inc., a leading manufacturer and distributor of stock and custom labels in the healthcare market. We also acquired The Peak Technologies Group, Inc., the world's largest systems integrator of bar code-based data capture systems and equipment.

Our direct marketing offering was complemented by the acquisition of Colleagues Group plc and Phoenix Group, Inc. Colleagues is a prominent U.K. direct marketing company and Phoenix is a leading provider of customer retention direct marketing services in the automotive industry.

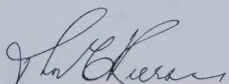
ENTERPRISE-WIDE RESOURCE PLANNING

In July, the Board of Directors approved an enterprise-wide resource planning (ERP) program, using SAP software for North America. The ERP implementation will allow us to be more responsive to customer requirements in terms of pricing, order placement and tracking and service. It will be a tool to improve our cost position across our business.

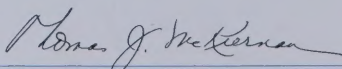
APPOINTMENTS

In October, the Board of Directors accepted the resignation of Chairman and CEO Reto Braun who had served the Corporation for four years. The Board thanks Mr. Braun for his dedication and service to Moore. Thomas Kierans was appointed non-executive Chairman of the Board and Thomas McKiernan, President of the Customer Communication Services division, was named Interim CEO. In addition, Mr. Kierans chairs two Board Committees: one to recommend a new Chief Executive Officer to the Board and another to prepare the ground to elucidate the strategy. He will report on these matters at the Annual Meeting of Shareholders.

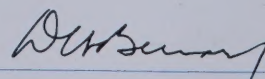
We would like to thank our employees, customers, alliance partners and shareholders for their support in 1997. The Board regards 1998 as a year of stabilization and looks forward to 1999 for significant progress.



Thomas E. Kierans
CHAIRMAN OF THE BOARD

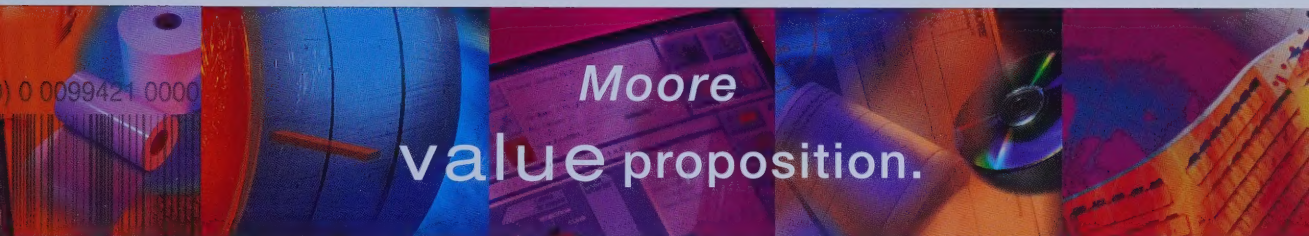


Thomas J. McKiernan
INTERIM CHIEF EXECUTIVE OFFICER



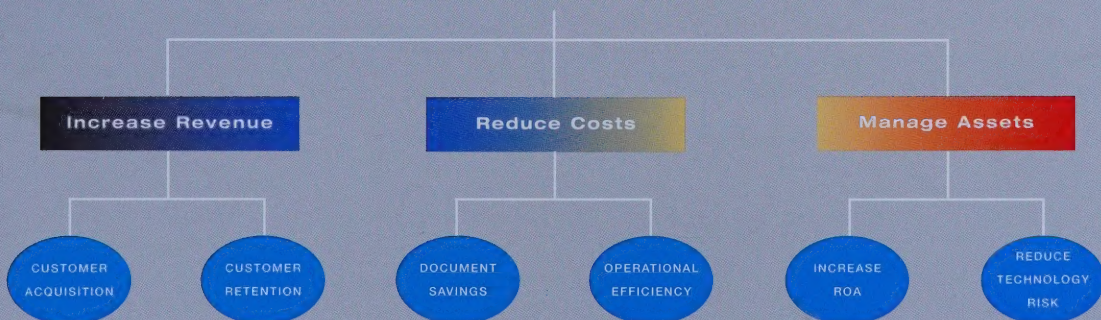
Derek H. Burney
CHAIRMAN, CORPORATE GOVERNANCE COMMITTEE

Today, companies are focusing on their core business. They are looking to Moore to enhance their expertise to grow revenue, control expenses and manage assets more effectively.



Moore value proposition.

**Increase Profitability
and Shareholder Value**



Moore drives incremental revenue for our customers by enabling them to deliver products to the market faster, target their customers more accurately, acquire and retain those customers more efficiently and increase the productivity of the sales channel.

Moore reduces a company's business communications expenses by 10% to 30% by eliminating waste, redundant processes and obsolescence through standardization and consolidation of all business communications.

Companies can better manage their assets and focus on their core business by outsourcing non-strategic business communications activities to Moore. This will reduce the need to invest in facilities, capital equipment and technology.

The Board of Directors and Corporate Governance

The primary objective of the Moore Board of Directors is to preserve and grow shareholder value. To this end the Board assumes ultimate responsibility for the stewardship of the Corporation, directly and through its seven Committees. Since 1993, the Corporate Governance Committee of the Board has been regularly assessing the Corporation's corporate governance practices and bringing recommendations on enhancements to the full Board.

The Board believes its policies and practices are designed to achieve effective leadership of the Corporation and are in compliance with the corporate governance guidelines established by the Toronto and Montreal exchanges. A full discussion of Moore's governance practices is contained in the Management Information Circular and Proxy Statement which is being sent to shareholders with this Annual Report.

On October 22, 1997, the Board of Directors elected Thomas E. Kierans as a Director and Chairman of the Board of the Corporation. It was also announced that Reto Braun resigned as a Director and Chairman, President and Chief Executive Officer of the Corporation. Mr. Kierans is leading the search for a new Chief Executive Officer. On October 23, 1997, Thomas J. McKiernan was named Interim Chief Executive Officer.

DIRECTORS

The following persons will be nominated as directors at the 1998 Annual Meeting of Shareholders

Thomas E. Kierans

Toronto, ON

Chairman of the Board
since 1997
President and
Chief Executive Officer
C.D. Howe Institute

Richard J. Lehmann

Columbus, OH

Director since 1997
President and
Chief Operating Officer
BANC ONE CORPORATION

Carl E. Lindholm

Gulfport, FL

Director since 1985
Corporate Director

J. Robert S. Prichard, O.C.

Toronto, ON

Director since 1996
President
University of Toronto

Derek H. Burney, O.C.

Montreal, QC

Director since 1993
Chairman and
Chief Executive Officer
Bell Canada International Inc.

Jeanette P. Lerman

Philadelphia, PA

Director since 1995
President
J.P. Lerman & Co.

John T. Mayberry

Burlington, ON

Director since 1996
President and
Chief Executive Officer
Dofasco Inc.

James M. Stanford

Calgary, AB

Director since 1997
President and
Chief Executive Officer
Petro-Canada

Shirley A. Dawe

Toronto, ON

Director since 1989
President
Shirley Dawe Associates Inc.

Brian M. Levitt

Montreal, QC

Director since 1996
President and
Chief Executive Officer
Imasco Limited

David R. McCamus

Oakville, ON

Director since 1997
Corporate Director

Thomas M. Taylor

Fort Worth, TX

Director since 1997
President
Thomas M. Taylor & Co.

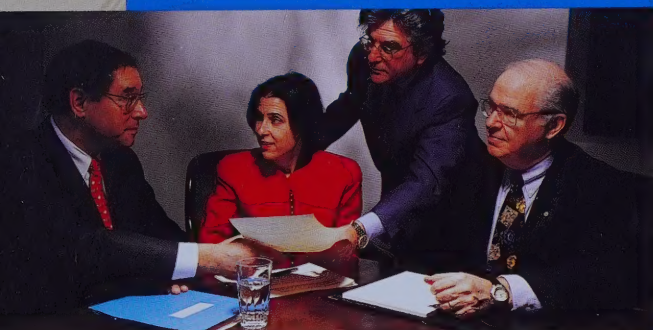
RETIREMENTS

The Board of Directors wishes to thank Arden R. Haynes, O.C., for his contribution during his tenure as a Director.

Left to right David McCamus, Thomas Kierans



Left to right Brian Levitt, Jeanette Lerman, Thomas Taylor, Derek Burney



Left to right Shirley Dawe, James Stanford, John Mayberry



Left to right Carl Lindholm, Robert Prichard, Richard Lehmann

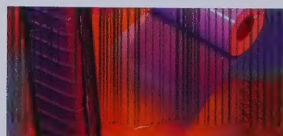


**Committed to enhancing
customer performance.**

As Moore responds to market demands,
we are working from a foundation of
undeniable strength. As a leader in business
forms, we are investing in technology
designed to make it easier for us to
fulfill customer orders and offer



them innovation, flexibility and cost
effectiveness. We are expanding our



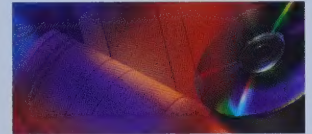
traditional business offering by
investing in high-growth businesses in



print and digital business communications.

Financially, we have a clean balance sheet and substantial, committed credit lines. We

are capturing market share by



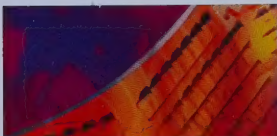
engaging strategic partners. No one can

match Moore's combination of tradition,

innovation and service. We are dedicated

to building sales volume by delivering

innovative products, technology and service



to our customers.

For over a century our **core business** has helped leading North American companies build their processes and improve performance.

Moore is a leader in the design, manufacture and delivery of business forms and labels. To reinforce that leadership, we have invested aggressively, spending more than \$875 million since 1990 to improve efficiency, reduce cycle times and provide customers with a broader array of products and services. We have improved cycle time and on-time delivery by up to 50% since 1996. We have a number of advantages. Our size and reach allow us to offer consistent product quality and service to major customers wherever they do business. Our customer base is large and stable. And as a trusted supplier with an excellent reputation as a solutions company, we are able to introduce new value-added products and services.

**IMPORTANTLY, OUR CORE FORMS BUSINESS SUPPLIES MOORE WITH A SECURE
AND DEPENDABLE CASH FLOW THAT WILL CONTINUE TO FINANCE
OUR INVESTMENTS IN ENHANCING THE CORE BUSINESS AND IN NEXT GENERATION
BUSINESSES THAT HAVE SUPERIOR GROWTH POTENTIAL.**

Improved Security

The government in the Mexican state of Hidalgo was using a tax-payment verification system that involved several forms and a vehicle sticker of poor quality that could be counterfeited easily, resulting in lost revenue. In 1997, Moore Mexico simplified the process with a single-page format that provides a customer receipt and high-security acetate sticker that defies counterfeiting and self-destructs if the owner attempts to transfer the sticker to another vehicle.



Delivering in Real-Time

In 1997, Moore became the first company to supply fully functional software that allows realtors private access to property listings via the Internet. Based on the Netscape and Microsoft browser technologies, Moore's MLS/Xplorer will soon provide more than 10,000 realtors in Atlanta, Georgia with all the flexibility, immediacy, and universal access of on-line delivery. Moore's solution for the Atlanta Multiple Listing Service includes software and hardware as well as full-time on-site service, support and training for five years.

A Win with Chrysler

Last September, Moore became the major print manager for **Chrysler Corporation's** warranty fulfillment program. The contract includes the production and storage of more than 250 printed items such as forms for repairs and warranty booklets, plus distribution to more than 5,000 dealers across the United States.

In winning the contract, Moore Document Solutions was able to demonstrate considerable financial savings to Chrysler as well as improved inventory control, punctual coast-to-coast delivery, and timely, accurate reporting.

Left to right: Sharon Whitlatch, Chrysler; Nicole Hensley, MDS; and Kristyn O'Connor, MDS; at Chrysler Corporation World Headquarters in Auburn Hills, Michigan.



**We have
diversified
into high-growth businesses.**

Between 1993 and 1997, growth in Moore's high-growth businesses as a percentage of revenue increased from 38% to 49%. That mix change will persist as we continue to drive internal expansion while acquiring new businesses that leverage our expertise and offer customers greater value. In 1997, Moore's acquisitions included The Peak Technologies Group, the world's largest systems integrator of bar code-based data capture systems; United Ad Label Co., Inc., a leading manufacturer and distributor of stock and custom labels in the healthcare industry; Phoenix Group, a leading provider of direct marketing services to the automotive industry; and Colleagues Group plc, a prominent U.K. direct marketing company. With a comprehensive network of sales and service professionals, manufacturing plants and strategic alliances, Moore offers customers the broadest spectrum of print and digital solutions. No competitor can provide the same blend of paper and electronic forms, labels and label systems, print management, variable-data billing statements, print software applications, data-based management and publishing, on-line systems, variable-image bar coding, digital on-demand printing and direct marketing.

**NO COMPETITOR CAN PROVIDE CUSTOMERS WITH THE POWERFUL MIX
OF RESOURCES TO LOWER THEIR COSTS, INCREASE THEIR PROFITS
AND MANAGE THEIR ASSETS.**

We are **financially strong** with a **clean balance sheet** and **substantial,** **committed credit lines.**

Moore has maintained an exceptionally healthy balance sheet. At the end of 1996, the Corporation's cash and short-term securities totalled \$694 million. In 1997, the majority of that was spent acquiring high-growth companies with new technologies to strengthen our businesses and repurchasing 12 million common shares of Moore stock. We have built a backlog of over \$1 billion in multi-year contracts for print management.

WITH A STRONG BALANCE SHEET AND ACCESS TO MORE THAN \$1 BILLION OF
UNTAPPED CREDIT, THE CORPORATION IS ABLE TO INVEST IN ANY APPROPRIATE
PROFIT ENHANCING ACQUISITIONS THAT MIGHT ARISE.



Full-Service Direct Mail

In 1997, the international lawn and garden products company, **The Scotts Company**, launched a new lawn-care service in the U.S. Mideast. Moore's Response Marketing Services division sourced one million demographically targeted prospects for Scotts, coordinated special mail offers, and measured consumer response within various zip code areas. Moore supported the mailings with telemarketing to improve response.



Major Savings Achieved Colleagues Group, a Moore company, is one of the United Kingdom's leading providers of consumer direct marketing services. For **BarclayCard**, a major credit card organization, Colleagues has produced more than 250 million direct mail pieces since 1993 and today is responsible for more than three million pieces per month. In 1996, BarclayCard outsourced its entire in-house marketing print production department to Colleagues.

**We are consolidating the mix
of our **international** assets
to improve shareholder value.**

In 1997, Moore operated manufacturing plants and sales offices in 50 countries — the only company in our industry able to offer customers consistent quality and service worldwide. But in recent years performance in certain businesses and regions has suffered. To improve earnings and consolidate our strengths, we made the decision late in the year to divest under-performing assets in Europe and Asia. However, Moore remains committed to growth and has continued to acquire fast-growing companies and build alliances with partners in advantageous locations where Moore's expertise and technology can add value to the partnership.

**IN ALL CASES, THESE PARTNERSHIPS EXTEND MOORE'S
REACH INTO PROMISING GROWTH SECTORS.**

A Total Solution Atomic Energy of Canada Limited, with its CANDU[®]

technology, is one of the world's leading designers of nuclear power plants.

AECL has approximately 3,700 employees worldwide and required an advanced laser cheque system to output payroll and accounts payable cheques. Moore's solution included a payment production software, MGR laser printer and proprietary Pressure Seal equipment and stock. The implementation of this total solution by AECL and Moore reduced processing costs and eliminated the need for a separate envelope.

*Left to right: Alex Westwater, Moore Canada;
Heather McNeil, Moore Canada; Doug Mills, Manager,
Treasury Analysis & Control, AECL.*



We are a **solutions** company with a **proven track record** of **innovation.**

Moore is a solutions company, adept at evaluating a customer's needs and devising the right solution at the right cost. Our transition into higher-growth businesses has been backed by tremendous innovation. Since 1996, we have introduced 101 new products, many of which are technologies that are now leading the print and digital business communications market. We regularly receive awards for our creative breakthroughs. In 1997, the On-Demand Digital Printing and Publishing Conference named Moore "Innovator of the Year" for our consumer marketing service which combines telecommunications technology, advertising and colour digital printing to produce personalized colour catalogues. While a large and diverse company, we move quickly and can marshal an extraordinary menu of resources for the benefit of our customers.

WHATEVER THE MEDIUM — PRINTING AND ELECTRONIC DOCUMENTATION, DATABASE MARKETING OR OUTSOURCING SERVICES — MOORE IS AN INNOVATIVE LEADER ABLE TO MEET THE TOUGHEST CHALLENGES OF THE MOST DISCERNING CUSTOMERS.

Researching a Winning Solution

TNT Express Worldwide, a subsidiary of PTT Post, the Dutch Postal Group, is one of the world's four largest express distribution companies and the European leader in global time-sensitive distribution, international mail and logistics. In 1997, Moore won a contract to supply TNT's worldwide automatic sorting operations with a unique direct thermal label application that efficiently generates first-pass readable bar codes. Developed by the Moore Research Center, the labels are extremely durable, convenient to use, and ideal for on-demand production through TNT's high-speed printers.



Reducing the Cost of Health Care

In 1997, Moore's forms management program with **University HealthSystem Consortium**, a major U.S. hospital buying group, grew from 26 participating hospitals to 48, with annual sales of almost \$13 million. By working with Moore, the consortium members have lowered costs and increased efficiency.
Left to right: J.J. Good, Moore; Mary Skeen, University of Kentucky; Diane Schroeder, University HealthSystem Consortium.



Reaching a Market of One

Relationship marketing is becoming critically important to companies wanting to reach their customers and prospects with personalized direct mail derived from database information. Moore is the only company able to produce a fully personalized, full-sheet, four-colour-process printed mailer. Using a Xeikon DCP 32D printer with proprietary Moore software, we are able to print full 8.5-inch by 11-inch sheets, customized with entirely different images and text for each recipient, at 35 pages per minute. *Left to right: Joette Schrack, David Fisher.*

We are strongly committed to research and development.

Moore has long differentiated itself from competitors with the strength of proprietary technologies from our research and development programs. Our research headquarters in Grand Island, New York, employs about 170 technical people, including more than 65 software engineers. Moore holds more than 2,000 patents worldwide. In 1997, we spent \$30 million on R&D, to support growth potential in Customer Communication Services and our Forms and Labels businesses. We augment available technology where possible, to make it work better for our customers and, when necessary, develop proprietary solutions. Our innovations repeatedly earn new business. Products developed at the Moore Research Center and launched in 1997 include: a unique multipage billing statement production process that can merge colour graphics and variable billing information "on the fly"; a fully customized digital colour brochure that can be produced on demand; an improved pressure seal single-part mailer that can be processed in-line with high-speed laser printers; and customized multipart airway bills for the express transport business.

SPEED. CUSTOMIZATION. COST REDUCTION. PERFORMANCE.
THESE ARE THE MEASURES OF TRUE CUSTOMER VALUE IN PRINT AND DIGITAL BUSINESS COMMUNICATIONS. THESE ARE THE QUALITIES MOORE DELIVERS.

We continue to forge promising partnerships and alliances.

Partnerships and alliances are a fundamental part of our growth strategy. Moore is an attractive partner for many reasons: advanced technologies, long-time experience, high standards of quality, an excellent reputation and a vast customer base. Our strategic alliance with Xerox provides integrated solutions in document-intensive industries such as banking, insurance and healthcare, combining Moore's innovative software and document finishing capabilities with Xerox's extensive line of production printers. Similarly, our alliance with BlueGill Technologies creates an Internet delivery option for customers that outsource their statement reengineering and production to Moore. And our 1997 alliance with Siegel & Gale provides customers with integrated design and fulfillment solutions for electronic and print business statements.

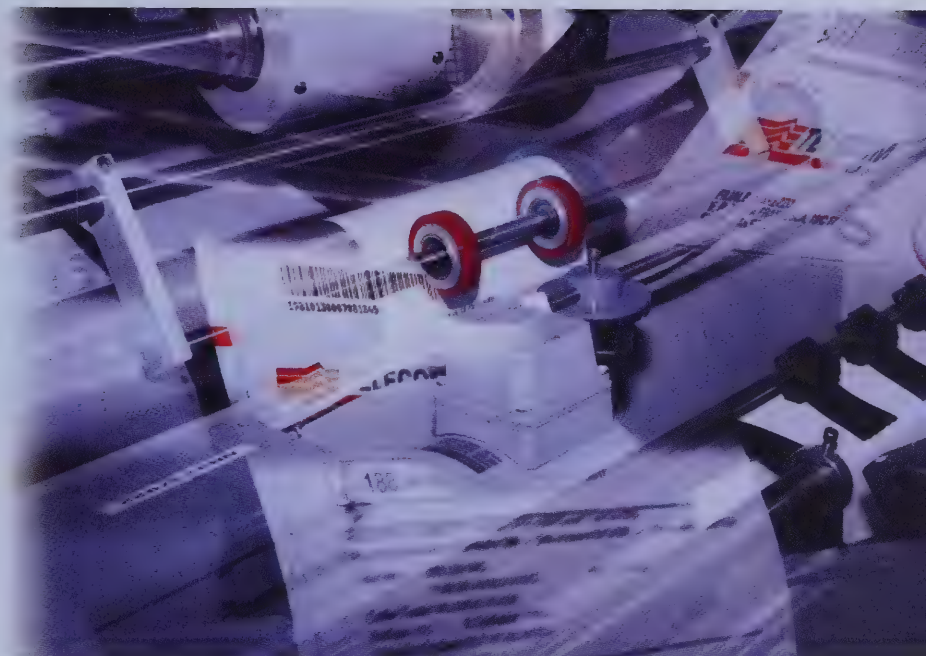
THROUGH POWERFUL PARTNERSHIPS LIKE THESE,
WE OFFER OUR CUSTOMERS ADDED VALUE.



A Global Partner When **Continental Airlines** was seeking a partner to assist them in developing a state-of-the-art electronic ticket receipt process, Moore was the logical choice. By combining consulting and project management with sophisticated printing, imaging and postal processing services, Moore handles more than 150,000 monthly confirmations for Continental.

Improving Quality

Telecom Italia realized in late 1996 that its in-house printing system would be unable to handle future billing volumes without substantial capital investment. Contracted by Telecom's sister company ILTE, Sigma Moore, (Moore's Italian joint venture) developed a solution based on the proprietary Moore Integrated Printing System (MIPS). The phone company's billing data is now downloaded to these MIPS lines on an overflow basis and printed at over 300 feet per minute—currently more than 8.5 million impressions per month.



**We are committed to continuing our improvement
in operational excellence.**

Moore continues to invest in initiatives that reduce our costs and improve our productivity so those gains can, in turn, be passed on to our customers and their customers. In 1996 and 1997 we installed 37 Muller Martini digital presses for print-on-demand throughout our global facilities. We have embarked on an enterprise-wide resource planning program in North America using SAP software that will enable Moore to be more responsive to customer requirements. Our Fast Track Attack methodology continues to dramatically reduce cycle times and on-time delivery in our forms business. Since 1995, North American manufacturing facilities have improved on-time delivery by 24%, cycle time by 56% and waste has been reduced by 23%.

**MORE THAN 90% OF OUR WORLDWIDE PLANTS ARE NOW ISO 9000
CERTIFIED—A SIGNIFICANT FACTOR IN WINNING A MULTI-MILLION DOLLAR CONTRACT
WITH CHRYSLER CORPORATION IN 1997 FOR THE PRINTING, WAREHOUSING AND
DISTRIBUTION OF FORMS FOR THE COMPANY'S 5,000-DEALER NETWORK.**

We take our social responsibility seriously.

Moore donates to many causes as a corporation and through the volunteer efforts and financial contributions of our people. Some highlights during 1997:

Habitat for Humanity In November, Interim CEO Thomas McKiernan presented the Banks family with keys to a home built in Waukegan, Illinois by Moore and Habitat for Humanity. Moore donated \$50,000 toward the cost of land, professional services and materials. More than 100 Moore employees and their families contributed evenings and weekends to help build the three-bedroom house.

Winnipeg Flood Relief In the late spring, Moore pledged to triple the financial contributions of its employees toward helping the victims of Manitoba's disastrous Red River flood. A total of \$21,000 was raised, the full proceeds going to Winnipeg Harvest, the agency responsible for feeding displaced residents and flood fighters.

Susan G. Komen Foundation's Orange County Race for the Cure for Breast Cancer In October, Moore was a key sponsor of this event. The company coordinated all 200 participating teams, underwrote the Team Captain Kick-Off event with 175 attendees and hosted team registrations at the Moore regional office in Costa Mesa, California. Approximately half the staff at Costa Mesa participated in the run. The Moore team included 105 employees, family and friends.

APEC Economic Leaders Meeting In November, Moore was the Official Printer of the fifth annual APEC Economic Leaders Meeting and the ninth APEC Ministerial Meeting, hosted in 1997 by Vancouver, British Columbia. APEC works to reduce trade barriers and foster economic goodwill in the Asia Pacific region. Moore donated the equivalent of \$100,000 in printing costs.



More than 100 Moore employees, family and friends participated in the **Orange County Race for the Cure for Breast Cancer**. The event attracted 14,000 participants and raised approximately \$500,000. Moore team members pictured above are left to right: Cathy Aronson, Sandy Crowder and Dianne Jones.



Moore underwrote the cost of the **Habitat for Humanity** project in Waukegan, IL. Employees spent summer weekends and evenings completing the home for the Banks family.

Management's Discussion and Analysis of Results of Operations and Financial Condition

THIS SECTION PROVIDES A REVIEW BY MANAGEMENT OF MOORE CORPORATION LIMITED'S FINANCIAL PERFORMANCE DURING THE THREE YEARS ENDED DECEMBER 31, 1997. THE ANALYSIS IS BASED ON THE CONSOLIDATED FINANCIAL STATEMENTS, WHICH ARE PRESENTED STARTING ON PAGE 25, PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) IN CANADA. DIFFERENCES FROM GAAP IN THE UNITED STATES ARE DISCLOSED IN NOTE 22 ON PAGE 42.

Results of Operations 1997/1996

During 1997, the Corporation acquired two companies that enhanced the strength of its global value-added Labels and Label Systems group. In addition, the Corporation purchased two direct marketing services companies that complement its Customer Communication Services direct marketing offering. The results of each acquired company are included in the 1997 results from the relevant acquisition date.

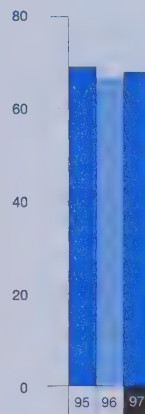
Sales in 1997 of \$2,631 million (1996 – \$2,518 million) increased \$113 million or 4%. Fourth quarter sales in 1997 of \$747 million (1996 – \$665 million) increased \$82 million or 12%. Excluding the impact of acquisitions and divestments in 1997 and 1996 and foreign currency fluctuations, sales for the full year of 1997 declined by 1% and sales in the fourth quarter of 1997 increased by 3%.

Cost of sales was 67.7% of sales in 1997 compared with 66.5% in 1996; 0.6 percentage points of the increase was due to lower LIFO credits in 1997. The LIFO inventory valuation increased earnings in 1997 by \$3 million due mainly to lower inventory levels, in contrast to an increase in earnings of \$19 million in 1996. In the fourth quarter of 1997, the cost of sales ratio was 67.9% (1996 – 65.3%), of which 1.3 percentage points of the increase was due to \$10 million of lower LIFO credits in 1997. Included in the fourth quarter of 1996 were LIFO credits of \$11 million. The higher cost of sales ratio in 1997 was also due to increased price discounts offered to customers in the United States forms business during most of 1997, and lower sales volumes.

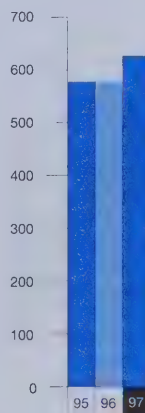
Selling, general and administrative costs in 1997 were \$624 million, compared to \$576 million in 1996. Excluding the impact of acquisitions and divestments in 1997 and 1996, selling, general and administrative expenses were \$4 million below the 1996 level. During 1997, the Corporation made further investments in the direct sales organizations of its North American businesses, offset entirely by cost reduction actions taken in the general and administrative areas. The ratio of selling, general and administrative expenses to sales in 1997 increased to 23.7%, compared with 22.9% in 1996. In the 1997 fourth quarter, the ratio increased to 24.3% or 0.8 percentage points above the 1996 fourth quarter level. Acquisitions in 1997 accounted for almost half of the full year increase and for 0.6 percentage points of the growth in the 1997 fourth quarter ratio.

During the last six months of 1997, the Corporation initiated certain actions to reduce overhead costs in the North American and Latin American businesses. The realignment

Cost of Goods Sold
(%)



Selling, General and Administrative Expenses
(millions of dollars)



Management's Discussion and Analysis

of Results of Operations and Financial Condition cont'd

actions are expected to cost about \$32 million resulting in the reduction of almost 700 employees. The program will be completed in 1998.

Capital asset amortization of \$116 million in 1997 increased by \$16 million, compared with \$100 million in 1996, due to increased capital investments made over the past three years to upgrade the Corporation's manufacturing technologies and additional goodwill amortization of \$6 million related to businesses acquired in 1997. The acquisitions made in 1997 gave rise to \$350 million of goodwill resulting in annual goodwill amortization of \$12 million. Assuming the acquisitions had taken place at January 1, 1997, goodwill amortization for 1997 would have been \$16 million compared to \$4 million in 1996.

In 1997, the Corporation invested \$30 million in the development of leading-edge technologies compared with \$25 million in 1996. The main research and development investments were focused on improving pressure seal self-mailers, introducing both new fraud deterrent features for negotiable documents and improved label constructions including linerless and pattern adhesive coated constructions, adding functionality to the systems used in billing statements, direct mail and export transport businesses, initiating work on the next generation system offering a more user friendly front-end, and implementing an industry standard internal file format and support for a wider range of printers. A proprietary solution for the manufacture of multiple page billing statements was also commercialized.

Income from operations for 1997 of \$49 million decreased 66% from \$143 million in 1996. Included in income from operations for 1997 were realignment costs of \$32 million. Before recognizing the realignment costs and the effect of acquisitions made in 1997, income from operations of the North American businesses decreased by 38% compared to 1996, reflecting the unfavourable impact of lower selling prices in the forms businesses, lower LIFO credits of \$16 million and reduced volumes of selected product segments. Loss from operations, before realignment costs, in the international businesses increased to \$14 million compared with losses in 1996 of \$3 million due largely to lower sales volumes.

Investment and other income of \$70 million in 1997 was up slightly from \$69 million in 1996. In 1997, the Corporation recognized a gain of \$66 million on the sale of its remaining 10% equity interest in Toppan Moore Company, Ltd. (Toppan Moore), and foreign currency translation gains of \$35 million on repatriation of its share capital investment in a Netherlands subsidiary. The gains were offset partially by provisions of \$52 million to divest unprofitable operations, particularly the European forms business. In addition, lower investment income was realized as funds were used to make strategic acquisitions and a common share buy-back in 1997. In 1996, the Corporation sold its options to acquire 51% of JetForm Corporation (JetForm) resulting in a pre-tax gain of \$27 million.

The 1997 effective tax rate (the ratio of income taxes to earnings before taxes) was 47% compared to 24% in 1996. The increase from 1996 reflected primarily the impact of not recording tax recoveries on the losses incurred in the international businesses and on the provisions set up in 1997 to divest unprofitable operations. The effective tax rate increase was partially offset by a low effective tax rate applicable to the foreign currency translation gains. Included in the 1996 effective tax rate was the benefit of the lower tax rate attributable to the gain on the sale of the Corporation's JetForm options.

Net earnings in 1997 were \$55 million or \$0.59 per share compared with 1996 net earnings of \$150 million or \$1.50 per share. In 1997, the sale of the Corporation's remaining 10% equity interest in Toppan Moore and currency gains, and the inclusion of provisions to divest unprofitable operations and to recognize realignment costs reduced earnings per share by \$0.04 per share. In 1996, the reduction of the Corporation's investment in JetForm resulted in an after-tax gain of \$0.25 per share. For the fourth quarter of 1997, net earnings decreased to \$1 million or \$0.01 per share from \$42 million or \$0.42 per share in 1996. Included in the 1997 fourth quarter were realignment costs of \$0.12 per share.

FORMS, PRINT MANAGEMENT AND RELATED PRODUCTS (FORMS)

Sales in the traditional forms business worldwide of \$1,999 million for 1997 were slightly above 1996 sales of \$1,996 million. Before considering the impact of newly acquired companies in 1997, sales declined from the 1996 level by \$141 million or 7%. Included in forms sales are Labels and Label Systems sales of \$365 million, a 64% increase from 1996 due entirely to the inclusion of sales totalling \$144 million related to acquisitions made in mid-1997.

North American sales in 1997 were \$1,466 million or 5% above 1996 sales of \$1,398 million. Excluding acquisitions in 1997, sales were 4% below the 1996 level due mainly to increased selling price discounts offered to customers in the United States forms business and the continued erosion in the United States forms industry of selected product segments. Lower prices completely offset the effect of some large customer wins during 1997.

Sales in Europe of \$227 million in 1997 were almost equal to the 1996 level of \$228 million. Included in 1997 results were the sales of Peak Europe, a newly acquired labels business. Offsetting the sales increases were the effects of unfavourable foreign currency movements of \$21 million or 9% compared to 1996 due to the weakening of various European currencies in 1997 against the United States dollar.

Latin American sales in 1997 declined to \$167 million or 9% from 1996 sales of \$183 million. Foreign currency fluctuations accounted for 7 percentage points of the sales decrease due mainly to weakening of currencies in Brazil, Venezuela and Mexico against the United States dollar. Labels sales have continued to increase resulting in a 54% growth compared to 1996 sales.

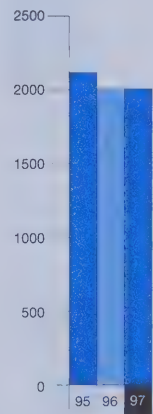
Sales in Asia Pacific decreased to \$139 million or 26% from 1996 sales of \$187 million due to increased competitive pressures, the weakening of the Australian dollar against the United States dollar and the divestment of selected product groups in late 1996.

Forms segment operating profit in 1997 of \$10 million declined \$99 million from the 1996 level of \$109 million. Excluding the realignment costs in 1997, operating profit decreased \$67 million from the 1996 level. The lower operating profit in North America accounted for 72% of the profit decline due mainly to increased price discounts and lower volumes in the United States forms business, and a \$16 million decrease in LIFO credits. The international businesses incurred losses of \$14 million in 1997 compared to a profit of \$5 million in 1996.

CUSTOMER COMMUNICATION SERVICES (CCS)

In 1997, CCS sales of \$632 million increased 21% from \$522 million in 1996. CCS sales represented 24% of the Corporation's total sales in 1997 compared to 21% in 1996. Included in

Forms, Print Management and Related Product Sales
(millions of dollars)

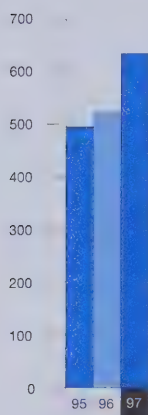


Management's Discussion and Analysis

of Results of Operations and Financial Condition *cont'd*

Customer Communication Services Sales

(millions of dollars)



Cash Resources

(millions of dollars)



1997 are the sales from two newly acquired direct marketing services businesses totalling \$39 million. North American sales of \$485 million in 1997 represented a 20% increase from the 1996 sales level with 4 percentage points of the sales increase related to the acquisition of Phoenix Group, Inc. Double digit volume growth was also realized in the business communication services division due to increased sales to existing customers and additional contracts with new customers. Modest sales growth was also achieved in the European and Latin American businesses resulting in sales of \$136 million in 1997. The weakening of currencies in various European and Latin American countries against the United States dollar accounted for a \$10 million decrease in sales, particularly in France and Brazil.

Segment operating profit in 1997 of \$40 million increased \$6 million or 18% from the 1996 level of \$34 million due mainly to volume growth in North America, Europe and Latin America and the inclusion of profits from two direct marketing services businesses acquired in 1997. Excluding the newly acquired companies, operating profit growth over 1996 was 15%.

Liquidity and Capital Resources

Current and future cash requirements, including debt obligations, continue to be predominantly covered by internally generated funds supplemented by borrowing as required. At December 31, 1997, the Corporation's cash and short-term securities of \$227 million consisted of time deposits (\$140 million), cash (\$52 million) and other money market instruments (\$35 million).

Net cash resources of \$196 million decreased \$458 million during 1997 from \$654 million at December 31, 1996. Cash reductions included \$267 million used to repurchase 12 million of the Corporation's common shares, and \$309 million used to purchase three companies in the United States and one company in the United Kingdom. Cash increased by \$97 million received on the sale of the Toppan Moore equity interest in March 1997.

Cash generated from operations of \$198 million in 1997 decreased \$92 million from 1996 due mainly to lower net earnings. Over the past two years, the asset management programs started in 1995 resulted in significant cash generation. In 1997, the asset management programs continued to yield cash benefits, but with less impact than in 1996. The recent acquisitions have also added to the working capital growth.

The current assets to current liabilities ratio decreased to 1.2:1 in 1997 from 2.8:1 in 1996. The decrease reflected the impact of acquiring four companies in 1997 and repurchasing 12 million common shares resulting in a reduced cash level and additional short-term debt.

The Corporation had available unused lines of credit at December 31, 1997 of \$1.1 billion for short-term financing. In support of the Corporation's growth program, a \$1.1 billion syndicated credit facility was renewed with 14 financial institutions in anticipation of financing future acquisitions and for general corporate purposes. During 1997, the Corporation has drawn on the line of credit by \$128 million to support its acquisition program.

In May 1997, the Corporation acquired The Peak Technologies Group, Inc., a systems integrator of bar code-based data capture systems in North America and Europe, and United Ad Label Co., Inc., a manufacturer and distributor of pressure sensitive labels in the

United States. In July 1997, the Corporation acquired Phoenix Group, Inc., a provider of direct marketing services in the United States and Europe, and in August 1997, Colleagues Group plc, a provider of direct marketing services in the United Kingdom.

Capital expenditures were \$136 million in 1997, mainly for machinery and equipment, compared with \$120 million and \$87 million in 1996 and 1995, respectively. Included in 1997 expenditures were \$8 million of environmentally related expenditures (1996 – \$7 million; 1995 – \$5 million). Capital expenditures in 1998 are anticipated at about \$110 million exclusive of the Corporation's further investments in its enterprise-wide resource planning program (SAP). This initiative is expected to require almost \$40 million of investment in 1998.

Year 2000 Impact

The Corporation has established a plan to address the impact of the year 2000 on its information technology systems, including those involved in providing services to its customers. As is the case for most corporations, the challenge is formidable. Management presently believes it can achieve the plan and the Board is monitoring progress closely.

The Corporation is addressing the year 2000 issue in three ways:

- Infrastructure upgrades and replacements for hardware and integrated software used to operate mainframe and mini computers, network devices, personal computers and other information technology hardware.
- Software applications (including direct interfaces with customers and suppliers) are being addressed by a combination of replacements (e.g., SAP in North America and J.D. Edwards in Europe) and current system year 2000 logic changes. Off-the-shelf applications are being upgraded by supplier certified year 2000 compliant versions.
- Embedded technologies in our manufactured products and facilities devices (e.g. security systems) are being upgraded or replaced by supplier certified year 2000 compliant components.

In Canada, SAP software is scheduled to be installed by December 31, 1998. The United States operations are targeting implementation of the financial and procurement modules of SAP during 1998 and the remaining SAP modules are expected to be installed by the end of 1999. In the international operations, the computer systems and applications are at various stages of becoming year 2000 compliant.

An inventory for infrastructure, software applications and embedded technologies for all major businesses in North America and for most international operations has been completed. The inventory for remaining businesses is expected to be completed by March 31, 1998. Full assessment and failure data simulation has been completed for all major businesses in North America and for all critical systems internationally, including those supporting the customer revenue processes. Full and complete assessment and corresponding year 2000 compliance plans for all other systems are expected to be completed by March 31, 1998.

Actions have started to ensure that all critical systems are year 2000 compliant by December 31, 1998, and all systems are compliant by the 1999 year-end.

Efforts are ongoing to seek assurance from suppliers concerning year 2000 compliance and the Corporation expects to work with its suppliers to address the year 2000 issues related to

Management's Discussion and Analysis

of Results of Operations and Financial Condition cont'd

supplier products and services. In particular, the Corporation's two key information technology outsource suppliers in the United States have been fully involved in developing and executing the year 2000 strategy and plan. Moore has also engaged a specialized year 2000 firm to act in a quality assurance role in connection with the renovation work on current systems.

The Corporation has established a year 2000 Program Office to monitor the progress of the implementation of the year 2000 plans. The Program Office is responsible for identifying all year 2000 exposures and for developing the remedial plans to resolve those issues. Actions are being taken to ensure a proper level of trained information technology professionals and to retain key human resources through the life of the year 2000 program.

The cost of the entire year 2000 program is forecasted at approximately \$30 million of which under \$1 million was incurred as at December 31, 1997. The costs related to purchases of new software and hardware will be capitalized. Other costs will be expensed as incurred. Management believes that the cost of the year 2000 program will not have a material adverse impact on the Corporation's financial condition.

The foregoing estimate of costs and the date that the Corporation expects to complete the year 2000 program are based on management's best estimates. Actual results may differ from those anticipated as a result of certain risks and uncertainties, including but not limited to the availability and cost of personnel trained in this area, the ability to locate and correct all relevant computer codes and other similar factors.

Results of Operations 1996/1995

In 1996, sales of \$2,518 million (1995 – \$2,602 million) declined by \$84 million or 3%. Fourth quarter sales of \$665 million (1995 – \$694 million) decreased \$29 million or 4%. After excluding the sales from businesses sold in 1995 and 1996 and foreign currency fluctuations in 1996, sales for the full year of 1996 equalled the 1995 level, in spite of substantial paper price reductions.

Cost of sales was 66.5% of sales in 1996 compared with 68.9% in 1995. The success of the Corporation's operational excellence programs and increased investments in short-run press technologies resulted in lower costs and improved cycle times to manufacture products. Aggressive management of inventories generated a LIFO credit in 1996 of \$7 million. Paper price reductions generated a further LIFO credit of \$12 million. In 1995, a LIFO charge of \$1 million was incurred. In the fourth quarter of 1996, the cost of sales ratio was 65.3% (1995 – 70.0%). Aggressive inventory management and lower paper prices generated LIFO credits in the 1996 fourth quarter of \$5 million and \$6 million, respectively. In the 1995 fourth quarter, a LIFO charge of \$7 million was incurred.

Selling, general and administrative costs in 1996 equalled the 1995 level. Included in 1996 were additional investments made in the sales and marketing organizations of growth businesses and in the information technology infrastructure. As a result of these selective investments, the ratio of selling, general and administrative expenses to sales in 1996 increased to 22.9% compared with 22.1% in 1995. In the 1996 fourth quarter, the ratio increased to 23.5% or 2.2 percentage points above the 1995 level.

Capital asset amortization of \$100 million in 1996 increased \$8 million, compared with \$92 million in 1995, due to the increased capital investments made during 1995 and 1996 to upgrade the Corporation's information and manufacturing technologies.

The Corporation invested \$25 million in 1996 in the development of leading-edge technologies, compared with \$28 million in 1995. The funds were mainly focused on variable production colour printing, pressure seal technology, software front-end systems, commercial linerless labels technology, high-resolution ink jet printing technologies, forms handling equipment solutions and the evolving uses of the Internet.

Income from operations for 1996 increased to \$143 million or 26% from \$114 million in 1995. Income from operations of the North American businesses increased 49% compared to 1995. Income from operations of the international businesses decreased in 1996 compared to 1995 primarily due to the continuing weak economies in Europe and Latin America.

Investment and other income of \$69 million in 1996 decreased from \$292 million in 1995. In 1996, the Corporation recognized a pre-tax gain of \$27 million on the sale of its JetForm options. Included in investment and other income for 1995 was a \$248 million pre-tax gain on the reduction of the Corporation's investment in Toppan Moore.

The 1996 effective tax rate (the ratio of income taxes to earnings before taxes) was 24% and included the benefit of the lower tax rate attributable to the gain on the sale of the Corporation's JetForm options. The effective tax rate in 1995 was 32% including the gain on the Toppan Moore share sale, and 15% without the gain.

Net earnings in 1996 were \$150 million or \$1.50 per share compared with 1995 net earnings of \$268 million or \$2.68 per share. Included in 1996 net earnings is an after-tax gain of \$25 million or \$0.25 per share on the sale of the Corporation's options to acquire 51% of JetForm. During 1995, net earnings included an after-tax gain of \$147 million or \$1.47 per share realized on the reduction of the Corporation's equity interest in Toppan Moore to 10%.

FORMS, PRINT MANAGEMENT AND RELATED PRODUCTS (FORMS)

Forms sales in 1996 decreased to \$1,996 million or 5% from 1995 sales of \$2,108 million. Included in forms sales are Labels and Label Systems sales of \$222 million, a 12% increase from 1995.

North American sales in 1996 were \$1,398 million or 2% lower than 1995 sales of \$1,432 million. Excluding divestitures, sales were almost at the 1995 level in spite of substantial paper price reductions.

Sales in Europe of \$228 million in 1996 were \$53 million or 19% below 1995 sales. Divestitures in 1996 and 1995 and the weakening of various European currencies in 1996 against the United States dollar represented almost 80% of the sales decrease.

Latin American sales in 1996 decreased to \$183 million or 14% from 1995 sales of \$213 million. The weakening of currencies in Brazil, Venezuela, Central America and Mexico against the United States dollar accounted for the lower sales level in 1996.

In Asia Pacific, sales of \$187 million in 1996 were up 3% from 1995 sales of \$182 million primarily due to the strengthening of the Australian dollar against the United States dollar.

Segment operating profit of \$109 million in 1996 increased \$28 million from the 1995 level of \$81 million. The strong operating profit improvements in North America and Asia Pacific more than offset the profit reductions in Latin America and Europe. The 80% profit increase in North America reflected the positive impacts of reengineering the manufacturing and administrative processes, and the increased benefits of the LIFO inventory valuation.

Management's Discussion and Analysis

of Results of Operations and Financial Condition cont'd

In Asia Pacific, the operating profit improvement was mainly attributable to the benefits of the prior year's restructuring programs in the manufacturing and administrative areas, which lowered the overall cost base.

CUSTOMER COMMUNICATION SERVICES (CCS)

CCS sales in 1996 represented 21% of the Corporation's total sales compared to 19% in 1995. In 1996, CCS sales of \$522 million increased 6% from 1995 sales of \$494 million. North American sales of \$406 million in 1996 were up 12% from sales in 1995 of \$361 million. Lower sales volumes in Latin America and Europe were caused by poor economic conditions, particularly in France and Brazil.

Volume growth in the North American business communication services and direct marketing services units resulted from increased sales to existing and new customers, including the benefits of new outsourcing contracts for print services.

Segment operating profit in 1996 of \$34 million increased \$1 million or 3% from the 1995 level due to volume growth in North America, offset largely by the unfavourable effects of reduced volumes in the Latin American and European businesses.

Restructuring of Operations

1993 RESTRUCTURING PROGRAM ACTIVITY IN 1996

The 1993 restructuring program was completed in 1996. The entire \$21 million accrued restructuring balance at the 1995 year-end was utilized by reengineering of the order management system in North America, facility closure costs for unsold properties and lease sites, and severance continuation payments. The restructuring programs over the past several years have been successful in reducing the Corporation's cost structure. However, the benefits of the programs have been mitigated by the sales volume declines in the forms business.

Effects of Inflation and Changing Prices

The Corporation's business is affected by the rate of inflation in each country in which it operates. The rates of inflation in most countries where the Corporation has operations are relatively low. Selling prices and the volume sold, however, are influenced more by supply and demand in the various markets served by the Corporation than by inflationary pressures.

The strategy employed worldwide is to offset cost increases by purchasing more effectively, by improving manufacturing and operating efficiencies and by increasing value-added products and services. The Corporation in the normal course of business enters into hedging contracts to manage foreign exchange risk but does not enter into derivative financial instruments for trading purposes.

CONSOLIDATED BALANCE SHEET

As at December 31

Expressed in United States currency in thousands of dollars

1997

1996

ASSETS

Current assets:

Cash and short-term securities	\$ 227,118	\$ 694,265
Accounts receivable, less allowance for doubtful accounts of \$9,962 (1996 – \$9,311)	476,059	447,594
Inventories (Note 2)	195,263	169,227
Prepaid expenses	26,275	33,673
Deferred income taxes	40,363	24,820
Total current assets	965,078	1,369,579

Property, plant and equipment:

Land	27,390	26,142
Buildings	255,588	248,755
Machinery and equipment	1,197,680	1,141,364
	1,480,658	1,416,261
Less: Accumulated depreciation	844,888	812,511
	635,770	603,750

Investments (Note 3)	26,397	82,149
Other assets (Note 4)	547,327	168,562

Total assets	\$ 2,174,572	\$ 2,224,040
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LIABILITIES

Current liabilities:

Bank loans (Note 5)	\$ 31,139	\$ 40,091
Accounts payable and accruals (Note 6)	568,882	378,261
Short-term debt	136,275	14,662
Dividends payable	20,786	23,509
Income taxes	33,372	29,216

Total current liabilities	790,454	485,739
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Long-term debt (Note 7)	49,109	53,811
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Deferred income taxes and liabilities (Note 8)	131,706	117,388
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Equity of minority shareholders in subsidiary corporations	17,691	17,283
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Total liabilities	988,960	674,221
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SHAREHOLDERS' EQUITY

Share capital (Note 9)	310,765	344,968
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Unrealized foreign currency translation adjustments (Note 10)	(112,218)	(38,863)
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Retained earnings	987,065	1,243,714
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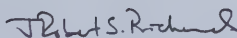
	1,185,612	1,549,819
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Total liabilities and shareholders' equity	\$ 2,174,572	\$ 2,224,040
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Approved by the Board of Directors:



T.E. Kierans
Director



J. Robert S. Prichard
Director

CONSOLIDATED STATEMENT OF EARNINGS

For the year ended December 31			
Expressed in United States currency and, except earnings per share, in thousands of dollars		1997	1996 1995
Sales	\$ 2,631,014	\$ 2,517,673	\$ 2,602,254
Cost of sales	1,780,010	1,673,836	1,793,591
Selling, general and administrative expenses	623,868	576,228	575,394
Realignment costs (Note 15)	32,000	—	—
Capital asset amortization	115,830	99,575	91,717
Research and development expense	29,895	25,426	27,940
	2,581,603	2,375,065	2,488,642
Income from operations	49,411	142,608	113,612
Investment and other income (Notes 3 and 13)	69,931	89,402	291,738
Interest expense (Note 13)	14,197	11,760	11,794
Unrealized exchange adjustments	879	1,054	1,696
Earnings before income taxes and minority interests	104,266	199,196	391,860
Income taxes expense (Note 16)	49,171	48,570	123,738
Minority interests	(4)	703	621
Net earnings	\$ 55,099	\$ 149,923	\$ 267,501
Net earnings per common share (Note 17)	\$ 0.59	\$ 1.50	\$ 2.68
Average shares outstanding (in thousands)	93,200	99,967	99,754

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

For the year ended December 31			
Expressed in United States currency in thousands of dollars		1997	1996 1995
Balance at beginning of year	\$ 1,243,714	\$ 1,187,974	\$ 1,014,257
Net earnings	55,099	149,923	267,501
	1,298,813	1,337,897	1,281,758
Dividends 94¢ per share (94¢ in 1996 and in 1995)	85,830	94,183	93,784
Repurchase of common shares (Note 9)	225,918	—	—
Balance at end of year	\$ 987,065	\$ 1,243,714	\$ 1,187,974

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31 Expressed in United States currency in thousands of dollars		1997	1996	1995
OPERATING ACTIVITIES				
Net earnings	\$ 55,099	\$ 149,923	\$ 267,501	
Items not affecting cash resources:				
Capital asset amortization (a)	118,380	102,436	94,195	
Loss (gain) on sale of property, plant and equipment	573	(2,361)	(10,560)	
Equity in (earnings) loss of associated corporations	217	380	(1,347)	
Gain from sale of investments	(67,095)	(26,947)	(248,174)	
International divestiture provisions	51,175	—	—	
Other	(5,902)	5,690	3,533	
	97,348	79,198	(162,353)	
Decrease (increase) in working capital other than cash resources:				
Accounts receivable	(28,465)	29,422	(41,464)	
Inventories	(26,036)	22,604	52,671	
Accounts payable and accruals	125,653	(15,374)	19,077	
Income taxes	4,156	15,300	74,230	
Deferred income taxes	(18,185)	14,718	3,625	
Other	(11,237)	(5,688)	(6,697)	
	45,886	60,982	101,442	
Total	\$ 198,333	\$ 290,103	\$ 206,590	
INVESTING ACTIVITIES				
Expenditure for property, plant and equipment	\$ (136,302)	\$ (119,574)	\$ (86,605)	
Sale of property, plant and equipment	4,335	12,063	24,374	
Decrease (increase) in long-term receivables	(654)	4,050	53,651	
Acquisition of businesses	(309,054)	(47,172)	—	
Disposal of businesses	500	11,661	27,057	
Proceeds from sale of investments	97,761	33,418	354,693	
Taxes on sale of an investment	—	(80,057)	—	
Investment in associated corporations	(1,813)	(4,248)	(1,186)	
Other	(43,445)	(36,432)	(29,441)	
Total	\$ (388,672)	\$ (226,291)	\$ 342,543	
FINANCING ACTIVITIES				
Dividends	\$ (85,830)	\$ (94,183)	\$ (93,784)	
Repurchase of common shares	(267,396)	—	—	
Addition to debt	131,001	19,951	5,450	
Reduction in debt	(46,071)	(25,726)	(9,924)	
Other	1,814	958	3,833	
Total	\$ (266,482)	\$ (99,000)	\$ (94,425)	
Increase (decrease) in cash resources before unrealized exchange adjustments	\$ (456,821)	\$ (35,188)	\$ 454,708	
Unrealized exchange adjustments	(1,374)	(1,972)	2,089	
Increase (decrease) in cash resources	(458,195)	(37,160)	456,797	
Cash resources at beginning of year (b)	654,174	691,334	234,537	
Cash resources at end of year (b)	\$ 195,979	\$ 654,174	\$ 691,334	

(a) Includes depreciation that has been classified in research and development expense.

(b) Cash resources are defined as cash and short-term securities less bank loans.

1. SUMMARY OF ACCOUNTING POLICIES**Accounting principles:**

Moore Corporation Limited is incorporated under the laws of the Province of Ontario, Canada.

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada.

Principles of consolidation:

The financial statements of entities which are controlled by the Corporation, referred to as subsidiaries, are consolidated; entities which are jointly controlled are proportionately consolidated; entities which are not controlled and which the Corporation has the ability to exercise significant influence over are accounted for using the equity method; and investments in other entities are accounted for using the cost method.

Translation of foreign currencies:

The consolidated financial statements are expressed in United States currency because a significant part of the net assets and earnings are located or originate in the United States. Except for the foreign currency financial statements of subsidiaries in countries with highly inflationary economies, Canadian and other foreign currency financial statements have been translated into United States currency on the following bases: all assets and liabilities at the year-end rates of exchange; income and expenses at average exchange rates during the year.

Net unrealized exchange adjustments arising on translation of foreign currency financial statements are charged or credited directly to shareholders' equity and shown as unrealized foreign currency translation adjustments.

The foreign currency financial statements of subsidiaries in countries with highly inflationary economies are translated into United States currency on the following bases: current assets (excluding inventory), current liabilities, pension liabilities, long-term receivables and long-term debt, at the year-end rates of exchange; all other assets, liabilities, accumulated depreciation and related charges against earnings and share capital, at historical rates of exchange; income and expenses, other than depreciation and cost of sales, at average exchange rates during the year.

Net unrealized exchange adjustments arising on translation of foreign currency financial statements of subsidiaries in countries with highly inflationary economies are charged to earnings as unrealized exchange adjustments.

Realized exchange losses or gains are included in earnings. Unrealized exchange losses or gains related to monetary items with a fixed or ascertainable life extending beyond the end of the following fiscal year are deferred and amortized over the remaining life of the asset or liability.

Financial instruments:

The Corporation enters into forward exchange contracts to manage exposures resulting from foreign exchange fluctuations in the ordinary course of business. The contracts are normally for terms up to six months and are used as hedges of foreign denominated revenue streams, costs and loans. The unrealized gains and losses on outstanding contracts are offset against the gains and losses of the hedged item at the maturity of the underlying transactions.

Short-term securities consist of investment grade, highly liquid instruments of highly rated governments, financial institutions and corporations.

Unless disclosed otherwise in the notes to the consolidated financial statements, the estimated fair value of financial assets and liabilities approximates carrying value.

Inventories:

Inventories of raw materials and work in process are valued at the lower of cost and replacement cost and inventories of finished goods at the lower of cost and net realizable value. The cost of the principal raw material inventories and the raw material content of finished goods inventories in the United States is determined on the last-in, first-out basis. The cost of all other inventories is determined on the first-in, first-out basis.

Property, plant and equipment and depreciation:

Property, plant and equipment are stated at historical cost after deducting investment tax credits and other grants on eligible capital assets. Depreciation is provided on a basis that will amortize the cost of depreciable assets over their estimated useful lives using the straight-line method. All costs for repairs and maintenance are expensed as incurred.

The estimated useful lives of buildings range from 20 to 50 years and of machinery and equipment from 3 to 17 years.

Gains or losses on the disposal of property, plant and equipment are included in investment and other income, and the cost and accumulated depreciation related to these assets are removed from the accounts.

Goodwill:

The estimated useful life of goodwill arising from acquisitions is determined based on the particular circumstances of each investment. Goodwill is amortized on a straight-line basis over its estimated useful life, not exceeding 40 years. On an annual basis, the Corporation reviews the valuation and amortization of goodwill, including any events and circumstances which may have impaired the carrying value. The evaluation of impairment of goodwill is determined by assessing recoverability based on undiscounted future earnings and cash flows of the related business. Any permanent impairment in the value of goodwill is written off against earnings.

Amortization of deferred charges:

Deferred charges include development costs and computer software costs which are amortized over periods deemed appropriate to match expenses with the related revenues, up to a maximum of 7 years.

Income taxes:

Income taxes are accounted for on the tax allocation basis which relates income taxes to the accounting income for the year.

No provision has been made for taxes on undistributed earnings of subsidiaries not currently available for paying dividends as such earnings have been reinvested in the business.

2. INVENTORIES

<i>In thousands</i>	1997	1996
Raw materials	\$ 52,584	\$ 51,488
Work in process	23,048	22,473
Finished goods	114,584	89,973
Other	5,047	5,293
	\$ 195,263	\$ 169,227

The excess of the current cost over the last-in, first-out cost of those inventories is approximately \$19,956,000 at December 31, 1997 (1996 – \$22,484,000).

3. INVESTMENTS

<i>In thousands</i>	1997	1996
Accounted for on the cost basis:		
Toppan Moore Company, Ltd.	\$ —	\$ 53,664
JetForm Corporation	17,291	17,291
Other	5,827	6,222
	23,118	77,177
Accounted for on the equity basis:	3,279	4,972
	\$ 26,397	\$ 82,149

In 1997, the Corporation sold its remaining 10% equity interest in Toppan Moore Company, Ltd.

In 1996, the Corporation exchanged its rights under an option agreement with JetForm Corporation (JetForm) for common shares of JetForm and sold preferred shares of JetForm, resulting in a net reduction in its investment to 16%. Consequently, the Corporation changed its accounting for the investment in JetForm from the equity method to the cost method.

The fair value of investments accounted for on the cost basis is approximately \$39 million. Fair value is calculated by reference to quoted market prices, if available, or estimated by the Corporation on the basis of financial and other information.

4. OTHER ASSETS

<i>In thousands</i>	1997	1996
Prepaid pension cost	\$ 62,570	\$ 56,527
Goodwill, net of write-downs and accumulated amortization of \$51,524 (1996 – \$32,605)	370,471	37,945
Computer software	51,075	21,663
Notes receivable	11,183	12,026
Other long-term receivables	6,690	6,730
Long-term bonds	26,671	22,118
Other	18,667	11,553
	\$ 547,327	\$ 168,562

5. SHORT-TERM FINANCING

The weighted average interest rate on short-term debt outstanding as of December 31, 1997 was 5.9% (1996 – 5.8%).

The unused lines of credit outstanding at December 31, 1997, for short-term financing are \$1,148,549,000 (1996 – \$1,252,284,000).

6. ACCOUNTS PAYABLE AND ACCRUALS

<i>In thousands</i>	1997	1996
Trade accounts payable	\$ 200,240	\$ 164,397
Other payables	104,897	79,701
	305,137	244,098
Accrued payroll costs	41,673	40,314
Accrued employee benefit costs	24,048	26,478
International divestiture provisions	43,048	—
Realignment costs	21,920	—
Other accruals	133,056	67,371
	263,745	134,163
	\$ 568,882	\$ 378,261

7. LONG-TERM DEBT

<i>In thousands</i>	1997	1996
Moore Business Systems Australia Limited		
Bank loan, subject to renegotiation		
in 1998, payable in Australian dollars		
bearing interest at the Australian Bank		
Bill rate plus 0.225%	\$ 26,072	\$ 31,776
Moore de Mexico Holdings, S.A. de C.V.		
Bank loan, subject to renegotiation		
in 1998, payable in United States dollars		
bearing interest at the London Interbank		
Offer rate plus 0.3%	14,528	14,528
Other		
Secured loans	2,968	375
Capital lease commitments	2,566	2,732
Unsecured loans	2,975	4,400
	\$ 49,109	\$ 53,811

The other long-term debt bears interest at rates ranging from 4.7% to 14.0% and matures on various dates to 2006. Loans of other subsidiaries amounting to \$5,139,000 (1996 – \$2,818,000) are payable in currencies other than United States dollars.

The net book value of assets subject to lien approximates \$15,000,000 (1996 – \$25,000,000). The liens are primarily mortgages against property, plant and equipment and pledges of accounts receivable, inventory and other current assets.

Amounts of \$3,024,000 (1996 – \$4,901,000) of long-term debt due within one year are included in current liabilities. For the years 1999 through 2002, payments required on long-term debt are as follows: 1999 – \$3,236,000; 2000 – \$1,267,000; 2001 – \$522,000; and 2002 – \$287,000.

8. DEFERRED INCOME TAXES AND LIABILITIES

Non-current deferred income taxes amount to \$63,880,000 (1996 – \$59,429,000).

Deferred liabilities include \$41,489,000 (1996 – \$46,893,000) for pensions under various retirement plans (Note 11).

9. SHARE CAPITAL

The Corporation's articles of incorporation provide that its authorized share capital be divided into an unlimited number of common shares without par value and an unlimited number of preference shares without par value, issuable in one or more series. The preference shares are non-voting except on arrears of dividends.

Changes in the issued common share capital

	SHARES ISSUED	AMOUNT (In thousands)
Balance, December 31, 1994	99,570,154	\$ 336,964
Exercise of executive stock options	259,710	4,265
Dividend Reinvestment and Share Purchase Plan	46,679	941
Balance, December 31, 1995	99,876,543	342,170
Exercise of executive stock options	126,020	2,115
Dividend Reinvestment and Share Purchase Plan	34,253	643
Employee awards	2,250	40
Balance, December 31, 1996	100,039,066	344,968
Share repurchase	(11,999,996)	(41,478)
Exercise of executive stock options	407,420	7,220
Employee awards	2,650	55
Balance, December 31, 1997	88,449,140	\$ 310,765

On May 30, 1997, the Corporation repurchased 11,999,996 of its common shares at an average purchase price of CDN\$30.50 per share (equivalent to US\$22.28 per share) for a total cash consideration of \$267,395,698. This reduced the number of outstanding common shares by about 12% to approximately 88 million common shares. On June 25, 1997, the Corporation filed a normal course issuer bid to purchase up to 5,000,000 common shares. The intention was that the shares would be purchased during the next 12 months through the facilities of the Toronto and Montreal stock exchanges at times and in numbers to be determined by the Corporation. No shares were purchased as of December 31, 1997.

Pursuant to the terms of the amended 1994 Long Term Incentive Plan approved by the shareholders of the Corporation on April 25, 1996, an additional 2,500,000 common shares of the Corporation were reserved for issuance, increasing the number of shares issuable to 5,500,000. Under the terms of this plan, stock options, stock appreciation rights and restricted stock awards may be granted to certain key employees. The exercise price under all options involving the common shares of the Corporation shall not be less than 100% of fair market value of the shares covered by the option on the day prior to the date of grant. Options granted since September, 1993 generally vest at 20% per annum from the date of grant. Upon retirement, all options become vested and are eligible for exercise for five years after the date of retirement. The options expire not more than 10 years from the date granted.

Stock option activity in 1997

Year granted	1997	1996	1995	1994	1993	1991	1989	1988	1987	Total
Number of common shares under option outstanding December 31, 1996	—	1,508,500	1,272,500	890,960	614,800	303,800	232,200	209,100	188,100	5,219,960
Options granted	1,664,800	—	—	—	—	—	—	—	—	1,664,800
Options lapsed	(193,100)	(494,700)	(308,560)	(116,280)	(19,700)	(21,600)	(20,200)	(11,500)	—	(1,185,640)
Options exercised	—	(37,180)	(131,820)	(51,720)	(126,600)	(18,700)	—	(41,400)	—	(407,420)
Options cancelled	—	(6,400)	(1,600)	(2,000)	(3,500)	(1,200)	—	(5,100)	—	(19,800)
Options expired	—	—	—	—	—	—	—	—	(188,100)	(188,100)
Options outstanding December 31, 1997	1,471,700	970,220	830,520	720,960	465,000	262,300	212,000	151,100	—	5,083,800
Option price per share (in Canadian currency)	\$ 27.96*	\$ 26.48*	\$ 26.23*	\$ 24.79*	\$ 22.29*	\$ 29.31	\$ 34.88	\$ 28.56	\$ 31.88	

*Weighted average option price

Under the terms of the 1994 Long Term Incentive Plan, there were 2,047,360 common shares available for grants as of January 1, 1997, and 1,483,000 as of December 31, 1997.

On April 27, 1995, the shareholders of the Corporation reconfirmed the Corporation's shareholder rights plan (Rights Plan), the terms and conditions of which are set out in the Shareholders Rights Plan Agreement (Rights Agreement), dated as of April 12, 1995. The Rights Agreement amends and restates the terms of the shareholder rights plan agreement dated January 18, 1990.

The Rights Plan was originally adopted to provide the Corporation with sufficient time, in the event of a public takeover bid or tender offer for the Corporation's common shares, to pursue alternatives to enhance shareholder value. All holders of Rights, with the exception of such acquiring person or group, are entitled to purchase from the Corporation upon payment of an exercise price of CDN\$120.00 the number of additional common shares that can be purchased for twice the exercise price, based on the market value of the Corporation's common shares at the time the Rights become exercisable.

The amended and restated Rights Plan included the following changes: 1) an increase from 15% to 20% in the level of share ownership to trigger the plan, 2) more exemptions for investment and fund managers, 3) more streamlined "permitted bid" provisions which allow the making of partial bids and require that a permitted bid be open for acceptance for a minimum of 75 days and 4) an automatic waiver of the plan to competing bids if the plan is waived with respect to any other bid.

The Board of Directors awarded 2,650 (1996 – 2,250) common shares to employees in 1997.

As at December 31, 1997, there were no issued preference shares.

10. UNREALIZED FOREIGN CURRENCY TRANSLATION ADJUSTMENTS

<i>In thousands</i>	1997	1996	1995
Balance at beginning of year	\$ (38,863)	\$ (41,974)	\$ 13,953
Translation adjustment:			
Belgium	(4,467)	(581)	1,451
Canada	(2,916)	891	10,906
Ireland	(5,927)	(690)	680
Japan	(23,001)	—	(56,768)
Netherlands	(28,453)	(970)	(5,719)
United Kingdom	(1,676)	3,920	(531)
Other	(6,915)	541	(5,946)
Balance at end of year	\$ (112,218)	\$ (38,863)	\$ (41,974)

The translation adjustments for each year result from the variation from year to year in rates of exchange at which foreign currency net assets are translated to United States currency.

11. RETIREMENT PROGRAMS**Defined benefit pension plan**

The Corporation and its subsidiaries have several programs covering substantially all of the employees in Canada, the United States, Puerto Rico, the United Kingdom, Australia and New Zealand.

The following data is based upon reports from independent consulting actuaries as at December 31:

	CANADA			UNITED STATES			INTERNATIONAL		
<i>In thousands</i>	1997	1996	1995	1997	1996	1995	1997	1996	1995
Funded Status									
Actuarial present value of:									
Vested benefit obligation	\$ 55,192	\$ 56,198	\$ 54,130	\$ 513,581	\$ 489,340	\$ 556,224	\$ 65,099	\$ 72,770	\$ 70,081
Accumulated benefit obligation	55,361	59,079	57,500	546,691	526,432	594,541	65,293	73,005	70,417
Projected benefit obligation	\$ 67,513	\$ 72,048	\$ 71,318	\$ 569,944	\$ 585,153	\$ 683,025	\$ 69,208	\$ 79,268	\$ 76,795
Plan assets at fair value	106,747	99,942	88,249	784,281	694,125	597,502	150,466	143,540	124,947
Excess (shortfall) of plan assets over projected benefit obligation	39,234	27,894	16,931	214,337	108,972	(85,523)	81,258	64,272	48,152
Unrecognized net loss (gain)	(26,692)	(14,775)	(2,595)	(215,790)	(170,488)	13,194	(27,526)	(20,924)	(16,191)
Unrecognized net asset	(2,832)	(3,940)	(4,941)	(9,154)	(12,203)	(15,250)	(1,214)	(4,061)	(6,172)
Unrecognized prior service cost (credit)	2,370	2,764	2,681	(12,645)	39,859	37,208	(2,992)	3,641	4,538
Prepaid (accrued) pension cost included in consolidated balance sheet	\$ 12,080	\$ 11,943	\$ 12,076	\$ (23,252)	\$ (33,860)	\$ (50,371)	\$ 49,526	\$ 42,928	\$ 30,327

<i>In thousands</i>	CANADA			UNITED STATES			INTERNATIONAL		
	1997	1996	1995	1997	1996	1995	1997	1996	1995
Pension Expense									
Service cost	\$ 1,922	\$ 1,919	\$ 2,109	\$ 12,186	\$ 12,399	\$ 12,810	\$ 2,635	\$ 2,855	\$ 2,734
Interest cost	5,763	5,901	5,805	48,490	46,831	44,675	5,693	5,691	5,863
Actual return on assets	(17,458)	(17,800)	(14,274)	(128,140)	(99,519)	(110,316)	(23,643)	(13,056)	(19,503)
Net amortization and deferral	9,120	10,076	7,205	59,606	42,262	56,062	8,342	(2,234)	5,484
Net pension expense (credit)	\$ (653)	\$ 96	\$ 845	\$ (7,858)	\$ 1,973	\$ 3,231	\$ (6,973)	\$ (6,744)	\$ (5,422)
Other Information									
Assumptions:									
Discount rates									
January 1	8.5%	8.5%	8.5%	8.5%	8.5%	8.8%	8.1%	8.1%	8.4%
December 31	8.5%	8.5%	8.5%	8.5%	8.5%	7.0%	8.2%	8.0%	7.8%
Rate of return on assets	8.5%	8.5%	8.5%	9.5%	9.5%	9.5%	8.2%	9.1%	9.5%
Rate of compensation increase	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	7.3%	6.8%	7.0%
Amortization period	15 years	15 years	15 years	14 years	14 years	13 years	11 years	11 years	11 years

In some subsidiaries, where either state or funded retirement plans exist, there are certain small supplementary unfunded plans. Pensionable service prior to establishing funded contributory retirement plans in other subsidiaries, covered by former discretionary non-contributory retirement plans, was assumed as a prior service obligation. In addition, the Corporation has entered into retiring allowance and supplemental retirement agreements with certain senior executives. The deferred liability for pensions at December 31, 1997, referred to in Note 8, includes the unfunded portion of this prior service obligation and the supplementary unfunded plans.

All of the retirement plans are non-contributory except the New Zealand plan. Retirement benefits are generally based on years of service and employees' compensation during the last years of employment. Effective July 1, 1997, the Corporation introduced "Total Retirement Planning" to employees in the United States. This new program, which modifies the existing two components of the retirement program, the Retirement Income Plan and the Savings Plan, provides a retirement benefit more closely linked to the performance of the Corporation. For employees nearing retirement age, the option exists to remain covered under the current retirement arrangement.

At December 31, 1997, approximately 70% of the United States' plan's assets, about 60% of the Canadian plan's assets and approximately 80% of the international plan's assets were held in equity securities with the remaining portion of the asset funds being mainly fixed income securities. The Corporation's funding policy is to satisfy the funding standards of the regulatory authorities and to make contributions in order to provide for the accumulated benefit obligation and current service cost. To the extent that pension obligations are fully covered by existing assets, a contribution may not be made in a particular year.

Defined contribution pension plan

Savings plans are maintained in Canada, the United States, the United Kingdom and Australia. Only the savings plan in the United Kingdom requires company contributions for all employees who are eligible to participate in the retirement plans. These annual contributions consist of a retirement savings benefit contribution ranging from 1% to 3% of each year's compensation depending upon age. For all savings plans, if an employee contribution is made, a portion of such contribution is matched by the Corporation. In the aggregate, the defined contribution pension plan expenses were \$5,955,000 (1996 - \$5,798,000; 1995 - \$7,415,000).

12. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In addition to providing pension benefits, the Corporation and its United States subsidiary provide retired employees with health care and life insurance benefits. The cost of these health care and life insurance benefits is recognized as an expense as incurred. In 1997, the cost of these benefits was approximately \$11,548,000 (1996 – \$13,390,000; 1995 – \$15,550,000).

13. CONSOLIDATED STATEMENTS OF EARNINGS INFORMATION

<i>In thousands</i>	1997	1996	1995
Interest expense			
Interest on long-term debt	\$ 3,568	\$ 5,834	\$ 7,273
Other interest	10,629	5,926	4,521
	\$ 14,197	\$ 11,760	\$ 11,794
Investment and other income			
Interest on short-term investments	\$ 24,190	\$ 37,968	\$ 36,552
Equity in earnings (loss) of associated corporations	(217)	(380)	1,347
Gain on sale of equity interest in Toppan Moore	66,470	—	248,174
Gain on reduction of investment in European subsidiary	35,184	—	—
International divestiture provisions	(51,500)	—	—
Gain on sale of options in JetForm Corporation	—	26,947	—
Costs related to the proposed acquisition of Wallace Computer Services, Inc.	—	(4,320)	(12,508)
Gain (loss) on sale of property, plant and equipment	(573)	2,361	10,560
Miscellaneous	(3,623)	6,826	7,613
	\$ 69,931	\$ 69,402	\$ 291,738
Other expenses			
Rent	60,857	60,370	58,680
Repairs and maintenance	55,384	54,128	54,376
Retirement programs	(395)	5,464	8,951
Goodwill amortization and write-offs	18,919	3,933	2,505
Computer software amortization	3,642	1,824	2,261

14. ACQUISITIONS

During 1997, the Corporation acquired 100% of the following companies for a total consideration of \$370,414,000.

COMPANY	NATURE OF BUSINESS	ACQUISITION DATE
The Peak Technologies Group, Inc.	Systems integrator of bar code-based data capture systems in North America and Europe	May 1997
United Ad Label Co., Inc.	Manufacturer and distributor of pressure sensitive labels in the United States	May 1997
Phoenix Group, Inc.	Provider of direct marketing services in the United States and Europe	July 1997
Colleagues Group plc	Provider of direct marketing services in the United Kingdom	August 1997

Financial summary of these acquisitions is as follows *(In thousands)*:

Net assets acquired:

Fixed assets	\$ 20,306
Goodwill	350,325
Working capital	33,029
Other assets	3,520
Long-term debt	(33,853)
Other liabilities	(2,913)
Total acquisition cost	\$ 370,414

Consideration given:

Cash and other	\$ 350,414
Payable over the next 2 years	20,000
	\$ 370,414

The acquisitions have been accounted for by the purchase method, with the results of operations included in income from the acquisition dates. Goodwill is amortized over 30 years.

The following is unaudited proforma consolidated results of operations for the years shown, assuming the acquisitions had taken place at the beginning of the respective periods presented:

<i>In thousands, except per share amounts</i>	1997	1996
Revenue	\$ 2,789,712	\$ 2,849,136
Net income	46,347	125,313
Earnings per share	0.50	1.25

This unaudited proforma information does not purport to be indicative of the results that actually would have been obtained if the operations were combined during the periods presented, and is not intended to be a projection of future results or trends.

15. REALIGNMENT

In 1997, the Corporation recorded a before tax realignment provision of \$32 million reflecting expenditures to reduce selling, general and administrative expenses and manufacturing overheads. Of the total provision, 90% related to the North American operations where sales declined and the product mix changed. About \$29 million of the provision represents cash expenditures to reduce the work force by almost 700 people.

16. INCOME TAXES

The components of earnings before income taxes for the three years ended December 31 were as follows:

<i>In thousands</i>	1997	1996	1995
Earnings before income taxes			
Canada	\$ 44,828	\$ 56,319	\$ 278,445
United States	37,933	109,554	61,055
Other countries	21,505	33,323	52,360
	\$ 104,266	\$ 199,196	\$ 391,860

<i>In thousands</i>	1997		1996		1995	
	CURRENT	DEFERRED	CURRENT	DEFERRED	CURRENT	DEFERRED
Provision for income taxes						
Canada	\$ 26,209	\$ 518	\$ 7,889	\$ 1,050	\$ 104,884	\$ 1,922
United States	10,255	6,144	28,728	9,403	9,826	9,784
Other countries	(1,326)	7,258	1,740	(1,302)	8,559	(12,836)
Withholding taxes on intercompany dividends	113	—	1,062	—	1,599	—
	\$ 35,251	\$ 13,920	\$ 39,419	\$ 9,151	\$ 124,868	\$ (1,130)

Deferred income taxes in each of the three years arose from a number of differences of a timing nature between income for accounting purposes and taxable income in the jurisdictions in which the Corporation and its subsidiaries operate. The sources of major timing differences and the tax effect of each were as follows:

<i>In thousands</i>	1997	1996	1995
Deferred income taxes			
Depreciation	\$ 9,085	\$ 1,193	\$ 4,632
Pensions	6,705	4,871	1,975
Inventories	(386)	266	453
Restructuring and realignment costs	(5,526)	5,570	4,086
Net operating loss carryforwards	687	(3,681)	(13,102)
Other	3,355	932	826
	\$ 13,920	\$ 9,151	\$ (1,130)

The effective rates of tax for each year compared with the statutory Canadian rates were as follows:

	1997	1996	1995
Effective tax expense (recovery) rate			
Canada			
Combined federal and provincial statutory rate	43.8%	43.8%	43.8%
Corporate surtax	1.1	1.1	1.1
Manufacturing and processing rate reduction	(6.3)	(6.3)	(6.3)
Expected income tax rate	38.6	38.6	38.6
Tax rate differences in other jurisdictions	(14.4)	(7.3)	(3.8)
Tax benefit of losses previously not recognized	(0.9)	(4.6)	(5.5)
Non-deductible tax losses	10.6	3.8	2.6
International divestiture provisions	19.1	—	—
Withholding taxes	0.1	0.5	0.4
Other	(5.9)	(6.6)	(0.7)
Total consolidated effective tax expense rate	47.2%	24.4%	31.6%

At December 31, 1997, loss carryforwards of approximately \$114 million have not been recognized in the consolidated financial statements. Of that amount, \$23 million expires between 1998 and 2007 and \$91 million has no expiry date.

17. EARNINGS AND FULLY DILUTED EARNINGS PER COMMON SHARE

The earnings per share calculations are based on the weighted average number of common shares outstanding during the year.

In the calculation of fully diluted earnings per share, consideration is given to potentially dilutive share options outstanding. This calculation produces no dilutive effect for 1997. Imputed earnings on the proceeds from the exercise of the options are calculated using a 3.4% after-tax rate of return.

Earnings per share for 1997 are \$0.59 (1996 – \$1.46 and 1995 – \$2.61 on a fully diluted basis).

18. SEGMENTED INFORMATION

The Corporation and its subsidiaries have operated in primarily two industries during the three years ended December 31, 1997:

(1) Forms, Print Management and Related Products (Forms)

In this segment, the Corporation is the world's largest designer and manufacturer of business forms and related products, systems and services which include:

- custom business forms and equipment
- electronic forms and services
- print services such as digital colour printing
- pressure sensitive labels
- proprietary label products
- variable-imaged bar codes
- integrated form-label applications
- printers, applicators and software products and solutions

(2) Customer Communication Services (CCS)

In this segment, the Corporation is the world's largest producer of personalized direct mail, and offers outsourcing services for statement printing, imaging, processing and distribution including:

- creation and production of personalized mail
- direct marketing program development
- database management and segmentation services
- response analysis services
- mail production outsourcing services

Transfers of product between segments are generally accounted for on a basis that results in a fair profit being earned by each segment.

Industry segments

<i>In thousands</i>	FORMS	CCS	CONSOLIDATED
1997			
Total revenue	\$ 2,027,507	\$ 633,214	\$ 2,660,721
Intersegment sales	(28,171)	(1,536)	(29,707)
Sales to customers outside the enterprise	\$ 1,999,336	\$ 631,678	\$ 2,631,014
Segment operating profit	\$ 9,765	\$ 40,117	\$ 49,882
General corporate expense			(471)
Income from operations			\$ 49,411
Identifiable assets	\$ 1,463,311	\$ 397,459	\$ 1,860,770
Intersegment eliminations			(120)
Corporate assets including investments			313,922
Total assets			\$ 2,174,572
Capital asset amortization	\$ 80,330	\$ 35,500	\$ 115,830
Capital expenditures	\$ 91,521	\$ 44,781	\$ 136,302
1996			
Total revenue	\$ 2,019,277	\$ 524,010	\$ 2,543,287
Intersegment sales	(23,934)	(1,680)	(25,614)
Sales to customers outside the enterprise	\$ 1,995,343	\$ 522,330	\$ 2,517,673
Segment operating profit	\$ 108,799	\$ 33,474	\$ 142,273
General corporate income			335
Income from operations			\$ 142,608
Identifiable assets	\$ 1,434,187	\$ 303,581	\$ 1,737,768
Intersegment eliminations			(2,769)
Corporate assets including investments			489,041
Total assets			\$ 2,224,040
Capital asset amortization	\$ 71,867	\$ 27,708	\$ 99,575
Capital expenditures	\$ 80,407	\$ 39,167	\$ 119,574
1995			
Total revenue	\$ 2,137,930	\$ 512,220	\$ 2,650,150
Intersegment sales	(30,203)	(17,693)	(47,896)
Sales to customers outside the enterprise	\$ 2,107,727	\$ 494,527	\$ 2,602,254
Segment operating profit	\$ 81,076	\$ 32,504	\$ 113,580
General corporate income			32
Income from operations			\$ 113,612
Identifiable assets	\$ 1,408,987	\$ 271,783	\$ 1,680,770
Intersegment eliminations			(11,555)
Corporate assets including investments			566,423
Total assets			\$ 2,235,638
Capital asset amortization	\$ 68,126	\$ 23,591	\$ 91,717
Capital expenditures	\$ 57,888	\$ 28,717	\$ 86,605

Geographic segments

<i>In thousands</i>	CANADA	UNITED STATES	EUROPE	LATIN AMERICA	ASIA PACIFIC	CONSOLIDATED
1997						
Total revenue	\$ 182,606	\$ 1,782,766	\$ 324,786	\$ 206,289	\$ 149,225	\$ 2,645,672
Intergeographical segment sales	(1,083)	(13,380)	(195)	—	—	(14,658)
Sales to customers outside the enterprise	\$ 181,523	\$ 1,769,386	\$ 324,591	\$ 206,289	\$ 149,225	\$ 2,631,014
Segment operating profit (loss)	\$ (1,904)	\$ 69,519	\$ (6,245)	\$ (7,235)	\$ (4,253)	\$ 49,882
General corporate expense						(471)
Income from operations						\$ 49,411
Identifiable assets	\$ 119,778	\$ 1,413,028	\$ 293,180	\$ 136,561	\$ 80,398	\$ 2,042,945
Intersegment eliminations						(182,295)
Corporate assets including investments						313,922
Total assets						\$ 2,174,572
Capital asset amortization	\$ 7,084	\$ 78,132	\$ 14,429	\$ 8,466	\$ 7,719	\$ 115,830
Capital expenditures	\$ 12,204	\$ 90,947	\$ 14,227	\$ 10,230	\$ 8,694	\$ 136,302
1996						
Total revenue	\$ 177,812	\$ 1,634,236	\$ 302,398	\$ 213,117	\$ 198,766	\$ 2,526,329
Intergeographical segment sales	(981)	(7,456)	(219)	—	—	(8,656)
Sales to customers outside the enterprise	\$ 176,831	\$ 1,626,780	\$ 302,179	\$ 213,117	\$ 198,766	\$ 2,517,673
Segment operating profit (loss)	\$ 11,767	\$ 133,940	\$ (4,392)	\$ (1,087)	\$ 2,045	\$ 142,273
General corporate income						335
Income from operations						\$ 142,608
Identifiable assets	\$ 139,646	\$ 1,157,485	\$ 230,278	\$ 104,135	\$ 121,191	\$ 1,752,735
Intersegment eliminations						(17,736)
Corporate assets including investments						489,041
Total assets						\$ 2,224,040
Capital asset amortization	\$ 6,601	\$ 62,848	\$ 13,925	\$ 7,652	\$ 8,549	\$ 99,575
Capital expenditures	\$ 10,388	\$ 69,636	\$ 14,804	\$ 14,219	\$ 10,527	\$ 119,574
1995						
Total revenue	\$ 197,747	\$ 1,607,288	\$ 373,510	\$ 243,444	\$ 192,241	\$ 2,614,230
Intergeographical segment sales	(906)	(11,008)	(62)	—	—	(11,976)
Sales to customers outside the enterprise	\$ 196,841	\$ 1,596,280	\$ 373,448	\$ 243,444	\$ 192,241	\$ 2,602,254
Segment operating profit (loss)	\$ 13,293	\$ 84,213	\$ 3,407	\$ 21,076	\$ (8,409)	\$ 113,580
General corporate income						32
Income from operations						\$ 113,612
Identifiable assets	\$ 94,506	\$ 1,077,964	\$ 246,101	\$ 148,367	\$ 108,464	\$ 1,675,402
Intersegment eliminations						(6,187)
Corporate assets including investments						566,423
Total assets						\$ 2,235,638
Capital asset amortization	\$ 7,241	\$ 54,898	\$ 14,296	\$ 7,409	\$ 7,873	\$ 91,717
Capital expenditures	\$ 5,970	\$ 56,791	\$ 11,066	\$ 8,004	\$ 4,774	\$ 86,605

19. LEASE COMMITMENTS *(In thousands)*

At December 31, 1997, long-term lease commitments require approximate future rental payments as follows:

1998	\$ 55,564	2001	\$ 20,391
1999	42,887	2002	13,271
2000	30,597	2003 and thereafter	8,986

20. CONTINGENCIES

At December 31, 1997, certain lawsuits and other claims were pending against the Corporation. While the outcome of these matters is subject to future resolution, management's evaluation and analysis of such matters indicates that, individually and in the aggregate, the probable ultimate resolution of such matters will not have a material effect on the Corporation's consolidated financial statements.

21. FINANCIAL INSTRUMENTS

At December 31, 1997, the aggregate notional principal amount of forward exchange contracts used as hedges was approximately \$33,000,000 (1996 – \$31,500,000). Net deferred gains and losses from these contracts were not significant at December 31, 1997.

The Corporation may be exposed to losses if the counterparties to the above contracts fail to perform. The Corporation manages this risk by dealing only with financially sound counterparties and by establishing dollar and term limits for each counterparty.

The Corporation does not use derivative financial instruments for trading purposes.

22. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The continued registration of the common shares of the Corporation with the Securities and Exchange Commission (SEC) and listing of the shares on the New York Stock Exchange require compliance with the integrated disclosure rules of the SEC.

The accounting policies in Note 1 and accounting principles generally accepted in Canada are consistent in all material aspects with United States generally accepted accounting principles (GAAP) with the following exceptions.

Pensions (SFAS No. 87)

Under Canadian GAAP, the discount rate is a long-term based interest rate, whereas under United States GAAP, the discount rate reflects an interest rate at which the pension obligation could effectively be settled at the previous year-end date. Prior to 1996, these discount rates were the same; however, the discount rates used at January 1, 1997, under United States GAAP for Canada and the United States were 7.5% and 7.75%, respectively.

Postretirement benefits other than pensions (SFAS No. 106)

SFAS No. 106 requires that the expected costs of the employees' postretirement benefits be expensed during the years that the employees render services, whereas under Canadian GAAP, the Corporation recognizes the cost of these benefits as an expense as incurred (see Note 12).

Income taxes (SFAS No. 109)

SFAS No. 109 requires a liability method under which temporary differences are tax effected at current tax rates, whereas under Canadian GAAP, timing differences are tax effected at the rates in effect when they arise.

Earnings per share (SFAS No. 128)

Diluted earnings per share is calculated on different bases in Canada and the United States. The Corporation adopted SFAS No. 128 in the fourth quarter of 1997. Earnings per share for all prior periods have been restated.

Stock compensation (SFAS No. 123)

SFAS No. 123 requires proforma disclosures of net income and earnings per share, as if the fair value-based method of accounting for employee stock options had been applied. The Corporation uses the intrinsic value method for accounting for stock options. The disclosures in the table show the Corporation's net income and earnings per share on a proforma basis using the fair value method and Black-Scholes option pricing model.

Foreign currency translation

Under United States GAAP, no foreign currency translation gain is recognized upon the partial reduction in shareholders' equity of a foreign subsidiary resulting from a capital transaction. Under Canadian GAAP, a foreign currency gain due to a partial reduction in shareholders' equity is recognized as income.

Business processing reengineering

Under United States GAAP, business processing reengineering activities involved with information technology transformation projects are expensed as incurred. Under Canadian GAAP, costs associated with business process reengineering activities are either capitalized or expensed depending on the company's accounting policy. The Corporation has a policy of capitalizing software development costs, including business process reengineering costs, as defined under United States GAAP.

Termination liabilities

Under United States GAAP, a liability for termination benefits is recognized provided that certain conditions are met. Prior to December 31, the details of the benefit arrangement under the approved plan must be communicated to the employees. Under Canadian GAAP, the communication of the benefit arrangements to the employees before the financial statement date is not required. The realignment costs recorded in 1997 include termination liabilities not yet recognizable under United States GAAP.

Income from operations

Under Canadian GAAP, the provisions of \$51,500,000 charged to 1997 earnings for the disposal of unprofitable operations are recorded in investment and other income. Under United States GAAP, the provisions are charged to income from operations. The classification difference has no impact on net earnings.

The following table provides information required under United States GAAP:

<i>In thousands</i>	1997	1996	1995
Net earnings as reported	\$ 55,099	\$ 149,923	\$ 267,501
Pensions:			
Increased pension expense	(3,795)	(13,110)	—
Reduced income taxes	1,482	5,183	—
	(2,313)	(7,927)	—
Postretirement benefits other than pensions:			
Increased postretirement benefits	(224)	(5,073)	(4,417)
Reduced income taxes	78	1,992	1,735
	(146)	(3,081)	(2,682)
Income taxes:			
Net increase in deferred tax provision	(7,437)	(17,297)	(13,611)
Foreign currency translation:			
Foreign currency gain	(35,184)	—	—
Business process reengineering:			
Reengineering costs – prior to 1997	(14,000)	—	—
– in 1997	(16,774)	—	—
Reduced income taxes	12,049	—	—
	(18,725)	—	—
Termination liabilities:			
Reduced termination costs	12,500	—	—
Increased income taxes	(5,000)	—	—
	7,500	—	—
Net earnings (loss) determined under United States GAAP	\$ (1,206)	\$ 121,618	\$ 251,208

Earnings per share:

<i>In thousands, except per share amounts</i>	1997	1996	1995
Net earnings (loss)	\$ (1,206)	\$ 121,618	\$ 251,208
Basic earnings (loss) per share:			
Earnings before cumulative effect of change in accounting	\$ 0.14	\$ 1.22	\$ 2.52
Cumulative effect of change in accounting principles (a)	(0.15)	—	—
Earnings (loss) per share	\$ (0.01)	\$ 1.22	\$ 2.52
Diluted earnings (loss) per share:			
Earnings before cumulative effect of change in accounting	\$ 0.14	\$ 1.21	\$ 2.51
Cumulative effect of change in accounting principles (a)	(0.15)	—	—
Earnings (loss) per share	\$ (0.01)	\$ 1.21	\$ 2.51

(a) Accounting policy for business process reengineering costs changed in the 1997 fourth quarter to expensed as incurred. The cumulative effect of prior period costs previously capitalized was charged to 1997 earnings.

Cash flow disclosures:

<i>In thousands</i>	1997	1996	1995
Interest paid	\$ 13,707	\$ 12,070	\$ 11,608
Income taxes paid (*)	33,684	99,689	16,449

(*) In 1996, \$80,057 was included in investing activities that would have been included in operating activities per SFAS No. 95.

Proforma stock compensation disclosures:

<i>In thousands, except per share amounts</i>	1997	1996
Net earnings (loss)	\$ (2,429)	\$ 120,614
Earnings (loss) per share		
Basic	\$ (0.03)	\$ 1.22
Diluted	\$ (0.03)	\$ 1.21
Assumptions:		
Risk-free interest rates	5.7%	7.3%
Expected lives (in years)	6	6
Dividend yield	4.6%	4.9%
Volatility	23%	23%

Balance sheet items as at December 31:

In thousands	1997		1996	
	AS REPORTED	US GAAP	AS REPORTED	US GAAP
Net pension liability (asset)	\$ (21,081)	\$ (4,212)	\$ (9,634)	\$ 3,927
Other assets – computer software	(51,075)	(20,301)	(21,663)	(21,663)
Postretirement benefit cost liability	—	439,287	—	440,452
Deferred income taxes asset	(40,363)	(250,700)	(24,820)	(238,275)
Deferred income taxes liability	41596 63,880	105,476	59,429	96,203
Accounts payable and accruals	12500 568,882	556,382	378,261	378,261
Unrealized foreign currency translation adjustments	(112,218)	(77,034)	(38,863)	(38,863)
Retained earnings	987,065	646,192	1,243,714	957,016

The following data is based upon the report from independent consulting actuaries as at December 31:

In thousands	1997	1996
Accrued postretirement benefit cost		
Retirees	\$ 215,956	\$ 197,467
Fully eligible active plan participants	1,807	1,410
Other active plan participants	61,729	96,576
Accumulated postretirement benefit obligation	279,492	295,453
Unrecognized prior service credit	180,786	145,708
Unrecognized net loss	(20,991)	(709)
Accrued postretirement benefit cost	\$ 439,287	\$ 440,452
Postretirement benefit cost		
Current service cost	\$ 3,825	\$ 5,601
Interest cost	20,604	22,434
Amortization of unrecognized prior service credit	(12,657)	(9,572)
Net postretirement benefit cost	\$ 11,772	\$ 18,463
Assumptions and other information		
Weighted average discount rate	7.8%	7.7%
Weighted average health care cost trend rate		
Before age 65	9.1%	9.9%
After age 65	7.8%	8.7%
The general trend in the rate thereafter is a reduction of 0.7% per year.		
Weighted average ultimate health care cost trend rate	5.3%	5.3%
Year in which ultimate health care cost trend rate will be achieved		
Canada	2003	2004
United States	2002	2002
The following is the effect of a 1% increase in the assumed health care cost trend rates for each future year on:		
(a) Accumulated postretirement benefit obligation	\$ 14,987	\$ 16,422
(b) Aggregate of the service and interest cost components of net postretirement benefit cost	1,327	1,338

The following table shows the main items included in deferred income taxes under United States GAAP:

Deferred income taxes

<i>In thousands</i>	1997	1996
Assets:		
Postretirement benefits other than pensions	\$ 173,410	\$ 173,882
Tax benefit of loss carryovers	44,296	49,632
Pensions	19,881	19,702
Realignment and acquisition costs	16,769	4,641
Other	32,617	19,089
	286,973	266,946
Valuation allowance	(36,273)	(28,671)
	250,700	238,275
Liabilities:		
Depreciation	67,407	67,257
Pensions	20,897	18,029
Other	17,172	10,917
	105,476	96,203
Net deferred income taxes	\$ 145,224	\$ 142,072

23. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

Comparative figures have been restated where appropriate to conform to the current presentation.

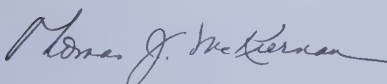
MANAGEMENT REPORT

All of the information in this annual report is the responsibility of management and has been approved by the Board of Directors. The financial information contained herein conforms to the accompanying consolidated financial statements, which have been prepared and presented in accordance with accounting principles generally accepted in Canada and necessarily include amounts that are based on judgments and estimates applied consistently and considered appropriate in the circumstances.

The Corporation maintains a system of internal control which is designed to provide reasonable assurance that assets are safeguarded, that accurate accounting records are maintained and that reliable financial information is prepared on a timely basis. The Corporation also maintains an internal audit department that evaluates and formally reports to management and the Audit Committee on the adequacy and effectiveness of internal controls.

The consolidated financial statements have been audited by the Corporation's independent auditors, Price Waterhouse, and their report is included below.

The Audit Committee of the Board of Directors is composed entirely of outside directors and meets quarterly with the Corporation's independent auditors, management and the Director of Internal Audit to discuss the scope and results of audit examinations with respect to internal controls and financial reporting of the Corporation.



T.J. McKiernan
Interim Chief Executive Officer

February 11, 1998



S.A. Holinski
Senior Vice President
and Chief Financial Officer

AUDITORS' REPORT

To the Shareholders of Moore Corporation Limited:

We have audited the consolidated balance sheets of Moore Corporation Limited as at December 31, 1997, and 1996, and the consolidated statements of earnings, retained earnings and cash flows for each of the three years in the period ended December 31, 1997. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1997, and 1996, and the results of its operations and the changes in its cash flows for each of the three years in the period ended December 31, 1997, in accordance with generally accepted accounting principles in Canada.



Price Waterhouse
Chartered Accountants, Toronto, Canada
February 11, 1998

ELEVEN-YEAR SUMMARY

Expressed in United States currency and, except per share amounts, in thousands of dollars

	1997	1996	1995	1994
Income Statistics				
Sales	\$ 2,631,014	\$ 2,517,673	\$ 2,602,254	\$ 2,406,048
Income (loss) from operations	49,411	142,608	113,612	135,263
Per dollar of sales	1.9¢	5.7¢	4.4¢	5.6¢
Income tax expense (recovery)	49,171	48,570	123,738	43,853
Percent of pre-tax earnings	47.2%	24.4%	31.6%	26.4%
Net earnings (loss)	55,099	149,923	267,501	121,400
Per dollar of sales	2.1¢	6.0¢	10.3¢	5.0¢
Per common share	\$ 0.59	\$ 1.50	\$ 2.68	\$ 1.22
Dividends	85,830	94,183	93,784	93,567
Per common share	94¢	94¢	94¢	94¢
Earnings retained in (losses and dividends funded by) the business	(30,731)	55,740	173,717	27,833
Balance sheet and other statistics				
Current assets	\$ 965,078	\$ 1,369,579	\$ 1,449,722	\$ 1,009,714
Current liabilities	790,454	485,739	541,730	446,608
Working capital	174,624	883,840	907,992	563,106
Ratio of current assets to current liabilities	1.2:1	2.8:1	2.7:1	2.3:1
Property, plant and equipment (net)	635,770	603,750	572,008	607,096
Long-term debt	49,109	53,811	71,512	77,495
Ratio of debt to equity	0.0:1	0.0:1	0.1:1	0.1:1
Shareholders' equity	1,185,612	1,549,819	1,488,170	1,365,174
Per common share	\$ 13.40	\$ 15.49	\$ 14.90	\$ 13.71
Total assets	2,174,572	2,224,040	2,235,638	2,031,336
Average number of shares outstanding*	93,200	99,967	99,754	99,538
Number of shareholders of record at year-end	6,482	6,901	7,236	7,317
Number of employees	20,084	18,849	18,771	19,890

*In thousands

QUARTERLY FINANCIAL INFORMATION

Expressed in United States currency and, except per share amounts, in thousands of dollars (unaudited)

	1997				1996			
	FOURTH QUARTER	THIRD QUARTER	SECOND QUARTER	FIRST QUARTER	FOURTH QUARTER	THIRD QUARTER	SECOND QUARTER	FIRST QUARTER
Sales	\$ 746,971	\$ 661,768	\$ 617,261	\$ 605,014	\$ 664,591	\$ 618,591	\$ 593,499	\$ 640,992
Cost of sales	507,257	455,309	417,762	399,682	434,049	407,745	396,249	435,793
Income from operations	4,075	(11,590)	21,640	35,286	42,295	36,069	28,988	35,256
Net earnings (loss)	1,039	(7,880)	30,309	31,631	42,289	41,647	36,469	29,518
Per common share*	\$ 0.01	\$ (0.09)	\$ 0.31	\$ 0.32	\$ 0.42	\$ 0.42	\$ 0.36	\$ 0.30
Net earnings (loss) based on United States generally accepted accounting principles (Note 22)	(13,138)	(11,154)	(4,074)	27,160	29,909	35,895	29,319	26,495
Per common share* - Basic	\$ (0.15)	\$ (0.13)	\$ (0.04)	\$ 0.27	\$ 0.30	\$ 0.36	\$ 0.29	\$ 0.27
Per common share* - Diluted	\$ (0.15)	\$ (0.13)	\$ (0.04)	\$ 0.27	\$ 0.29	\$ 0.36	\$ 0.29	\$ 0.27

*The quarterly earnings per common share in 1997 does not equal the full year earnings per common share due to the common share repurchase in the second quarter of 1997.

1993	1992	1991	1990	1989	1988	1987
\$ 2,331,796	\$ 2,432,998	\$ 2,492,278	\$ 2,769,596	\$ 2,708,406	\$ 2,544,019	\$ 2,281,493
(97,223)	24,258	111,833	179,864	282,073	253,544	239,636
(4.2)¢	1.0¢	4.5¢	6.5¢	10.4¢	10.0¢	10.5¢
(18,796)	25,757	47,922	74,030	98,269	87,460	105,171
(19.8)%	100.7%	35.0%	37.8%	32.7%	31.7%	41.7%
(77,606)	(2,327)	88,074	120,629	201,721	185,996	146,386
(3.3)¢	(0.1)¢	3.5¢	4.4¢	7.4¢	7.3¢	6.4¢
\$ (0.78)	\$ (0.02)	\$ 0.91	\$ 1.27	\$ 2.15	\$ 2.01	\$ 1.60
93,521	93,108	91,215	89,539	82,609	72,245	67,807
94¢	94¢	94¢	94¢	88¢	78¢	74¢
(171,127)	(95,435)	(3,141)	31,090	119,112	113,751	78,579
\$ 1,010,441	\$ 1,063,144	\$ 1,096,062	\$ 1,181,316	\$ 1,150,833	\$ 1,107,920	\$ 1,254,026
451,011	352,491	332,979	411,349	375,581	350,021	549,653
559,430	710,653	763,083	769,967	775,252	757,899	704,373
2.2:1	3.0:1	3.3:1	2.9:1	3.1:1	3.2:1	2.3:1
617,341	655,665	696,390	679,275	590,183	506,457	485,154
67,608	59,718	75,045	94,494	40,267	61,936	100,462
0.1:1	0.0:1	0.1:1	0.1:1	0.0:1	0.1:1	0.1:1
1,312,896	1,475,508	1,584,780	1,537,671	1,440,966	1,292,407	1,167,716
\$ 13.19	\$ 14.83	\$ 16.21	\$ 16.05	\$ 15.27	\$ 13.89	\$ 12.69
1,974,032	2,020,715	2,134,436	2,205,043	2,008,319	1,847,603	1,939,341
99,487	99,045	97,028	95,245	93,860	92,603	91,622
7,644	8,440	8,670	8,903	9,683	11,225	12,864
22,014	23,124	23,556	25,021	26,359	25,943	26,480

DISTRIBUTION OF REVENUE

	1997	1996	1995
Sales and investment and other income	100.0%	100.0%	100.0%
Used as follows:			
Wages, salaries and employee benefits	33.4%	33.2%	28.8%
Materials, supplies and services	57.9	54.7	54.0
Capital asset amortization	4.3	3.9	3.2
Income, property and other taxes	2.3	2.4	4.6
Unrealized exchange adjustments	—	—	0.1
Dividends	3.2	3.6	3.3
Earnings retained in the business	(1.1)	2.2	6.0

Thomas J. McKiernan ■▲

Interim Chief Executive Officer

Stephen A. Holinski ■▲Senior Vice President and
Chief Financial Officer**Charles F. Canfield ■▲**Vice President
Human Resources**Charles J. Evans ▲**Vice President
Taxation**Christian J. Hipp ■**Vice President
Research and
Corporate Environmental Officer**Russell I. Johnson ■▲**Vice President
Procurement**Robert M. Jones ■**Vice President and
Chief Information Officer**Shoba Khetrpal ▲**

Vice President and Treasurer

Roger A. LewisDirector
Internal Audit**Arthur N. Mitchell ▲**

Vice President and Controller

Stephen WalkerVice President and General Manager
Enterprise Resource Planning Project**Joan M. Wilson ■▲**

Vice President and Secretary

**FORMS, LABELS AND
PRINT MANAGEMENT****Patrick T. Brong ■▲**President
Moore Document Solutions**Siegfried E. Buck ■**President
Integrated Customer Solutions**Charles F. Canfield ■▲**President
Moore Canada**Cal Laird**President
United Ad Label**James D. Wyner ■▲**President
Peak Technologies Group**CUSTOMER
COMMUNICATION SERVICES****Thomas J. McKiernan ■▲**President
Customer Communication Services**Gary W. Ampulski**President
Business Communication Services**Robert J. Beson**President
Phoenix Group**Thomas M. Gregorich**President
Data Management Services**James A. Robson**Chairman
Colleagues Group**Richard M. Zagorski**President
Response Marketing Services**INTERNATIONAL****Wayne K. Adams ■▲**President
Moore Latin America**Roy S. Clements ■▲**President
Moore Asia Pacific

■ Executive Committee

▲ Corporate Officer

SHAREHOLDER INFORMATION

CORPORATE OFFICE

Moore Corporation Limited
1 First Canadian Place
P.O. Box 78, Toronto, Ontario M5X 1G5
Telephone: (416) 364-2600
Facsimile: (416) 364-1667
Internet: <http://www.moore.com>

STOCK EXCHANGE LISTINGS

Stock Symbol: MCL
CUSIP No: 615785 10 2
Markets: Toronto, Montreal, New York

The common shares of the Corporation are also included in the Toronto 35 Index, the Toronto 100 Index, the TSE 300 Composite Index and the Standard and Poor's 500 Index.

MARKET PRICE OF COMMON SHARES

The following table sets forth the high and low prices of the common shares of the Corporation on the Toronto, Montreal and New York exchanges.

	THE TORONTO STOCK EXCHANGE (C\$)		MONTREAL EXCHANGE (C\$)		NEW YORK STOCK EXCHANGE (US\$)	
	HIGH	LOW	HIGH	LOW	HIGH	LOW
1997						
1st quarter	31.40	26.75	31.35	26.75	22.875	20.000
2nd quarter	31.10	26.35	31.10	26.35	22.500	18.875
3rd quarter	31.20	25.00	31.00	25.30	22.500	18.375
4th quarter	26.70	19.30	26.60	19.55	19.250	13.500
1996						
1st quarter	27.625	23.625	27.625	23.625	20.125	17.375
2nd quarter	26.500	24.500	26.875	24.500	19.500	18.125
3rd quarter	27.250	23.500	27.100	23.600	19.875	17.000
4th quarter	29.500	25.100	29.500	25.150	22.125	18.500

DIVIDENDS

In 1997, the Corporation paid a dividend of 23¹/₂¢ (U.S.) per common share each quarter. Subject to formal declaration by the Board of Directors, dividend record and payment dates for the next four dividends will be as follows:

Record Date	Payment Date
March 6, 1998	April 1, 1998
June 5, 1998	July 2, 1998
September 4, 1998	October 1, 1998
December 4, 1998	January 4, 1999

Dividends are declared and paid in United States dollars.

Shareholders have the option of receiving dividends in equivalent Canadian funds or participating in the Dividend Reinvestment and Share Purchase Plan. The Dividend Reinvestment Option allows shareholders to have their cash dividends reinvested to acquire additional shares. The Share Purchase Option allows shareholders to purchase shares by making cash payment of not less than CDN\$50 and not more than CDN\$5,000 in each quarter.

Withholding taxes at the rate of 25% are imposed on the payment of dividends to non-residents of Canada. Under the present Canada/United States tax treaty, such rate is generally reduced to 15%.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the common shares of the Corporation is the CIBC Mellon Trust Company at its offices in Montreal, Toronto, Winnipeg, Calgary and Vancouver. The co-transfer agent and registrar is ChaseMellon Shareholder Services in New York.

SHAREHOLDER ACCOUNT INQUIRIES

CIBC Mellon Trust Company operates a telephone information enquiry line that can be reached by dialling toll-free 1-800-387-0825 or (416) 643-5500.

Correspondence may be addressed to:

Moore Corporation Limited
c/o CIBC Mellon Trust Company
P.O. Box 7010
Adelaide Street Postal Station
Toronto, Ontario, Canada
M5C 2W9

INVESTOR RELATIONS

Institutional and individual investors seeking financial information about the company are invited to contact Shoba Khetrpal, Vice President and Treasurer at the Corporate Office.

FORM 10-K/ANNUAL INFORMATION FORM

The Annual Report on Form 10-K is filed with the United States Securities and Exchange Commission and with the Canadian securities authorities as the Annual Information Form. It is available without charge by contacting the Corporate Communications Department.





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